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DISTRICT HEATING PROJECT FOR LOMBARDY REGION DESCRIBED

Rome STAFFETTA QUOTIDIANA PETROLIFERA in Italian 1 Mar 82 pp 9-11

[Text] For many years, talking about district heating in Italy meant talking about Brescia; now, with the plan worked out by the region of Lombardy, whose goals and investments we are outlining here, this important system of energy diversification and savings is taking a significant step forward in exploiting a whole series of prerequisites that are essential in making this type of undertaking economical.

Diversification of primary energy sources, pursued with an ever greater commitment by the industrialized countries, is motivated not only by the high proportion of crude petroleum derivatives in the final consumption structure but also by the great degree to which the principal economic markets have become dependent on politically unstable geographic areas.

After the event of recent years, we are now witnessing major declines in the cost of petroleum supplies although these are partly wiped out by growing exchange rates between the various national currencies and the dollar due to the fact that the demand for crude is being held down.

This lid on the demand for crude can be traced to the effect of energy savings efforts in general as well as the policy of resorting to other primary sources. In terms of major units, the ultimate sources to be considered today are coal and nuclear energy while, from the aspect of energy savings, the use of district heating is becoming ever more widespread.

By this specific term we mean the heating of vast urban areas, cities, or residential sections through the centralized production of heat and a common hot-water distribution network. Right now, it is a rather widespread custom to interpret the establishment of a district heating system as the combined production of electric energy and heat; this is done since this is a system which offers the greatest overall energy savings. From the economic and technical viewpoints, the combined production of heat and electricity, along with the possibility of distributing steam and hot water for heating buildings and for sanitary uses, represents a specific effort to make flexible and optimum use of energy in major consumption centers.

As in many other initiatives, so also in this case, the Italian market is tackling district heating with combined supply years behind the other industrialized

countries where this technique is now in widespread use (Germany, France, Sweden, etc.). The saving obtainable from centralized boilers as compared to the various boilers used for heating in separate buildings is quite obvious; there, any possible heat waste is further multiplied and, as a matter of fact, various new housing developments and office buildings in Italy put up in recent years have been so equipped. Nevertheless, apart from the case of the city of Brescia (and in particular, housing), the nation's attention has only very recently shifted to the combination of centralized urban heating with the generation of electric power.

STAFFETTA has on various occasions reported current or completed studies concerning the construction--in many cities, mostly in the northern part of Italy (Emilia-Romagna, Liguria, Piedmont, Lombardy, etc.)--of combined electric energy and heat production systems. The existence of a distribution network furthermore permits tie-in--for the purpose of supplying heat--of industrial complexes and solid urban waste incinerators as well as the establishment of small and medium joint generation plants (for hospitals, schools, offices, etc.). Compared to a simple boiler which produces only heat and a second boiler which produces steam for electric use with unused residual heat flow, combined production offers the advantage of a considerable energy savings. Building boilers usually have a heat output--for unused maintenance and adjustment--which is 20-30 percent less than high-power boilers to which we add a further drop connected with scattered heat production. With district heating supplied by a combined plant, we get a fuel requirement reduction of up to 35 percent (an average of 15 percent for the better yield from big boilers, 25 percent for the combined cycle, less than 5 percent due to major distribution losses).

A further incentive for district heating springs from the savings obtainable due to the use of less expensive fuels (fuel oil and coal for power plants in existence) as compared to those in the building plants in view of the availability of adequate emission purification measures. The seasonal nature of high heat demand as compared to the more continuous electric power demand introduces the need for having traditional boilers for peak heat production while the combined plant would meet the basic demand.

The complex of plant facilities, the cost of transporting heat (which does not exceed distances of 30-50 km for large capacity pipes), and the transformation to be made in traditional heat systems (for example, a building heat exchanger in place of the boiler) entail other investments whose costs must be compared to the energy savings and the estimate for the time it will take the new system to get a foothold on the heat market. We must not forget that, in most cases, excluding the new residential sections, district heating will go to areas that are already equipped for heat supply, while in certain cases there will be natural gas networks.

An adequate rate policy is therefore fundamental and that policy must exceed the connection costs and it must provide an incentive for the user to stop using non-centralized heating. This means that the city-owned companies, the outfits that are mostly interested in district heating, will find the need for selling the energy obtained from the combined power plant, particularly the electric power plant, at equitable and remunerative prices. Cooperation with the ENEL [National Electric Power Agency] thus becomes essential for any combined production plant which does not have any other possibility of using energy, other than immission into the ENEL network.

All of the elements mentioned so far have been met with greater interest in the areas of northern Italy where there is a rather considerable annual timespan during which heating is required, along with sufficient population density (in terms of the high cost of distribution), and a goal of reducing environmental pollution (which can be done by replacing building chimneys with a single controlled emission source). This is true, for example, of Lombardy where, after the Brescia plant, a district heating plan was recently worked out which, by virtue of its dimensions and commitments, is considered to be the first significant national undertaking in the district heating field.

While other cities as a matter of fact do have various plants, generally for new housing developments, a total investment plan was outlined for Lombardy in relation to the specific regional energy situation. The initial prerequisites include the presence of various thermoelectric power plants owned by ENEL and city-owned companies with a high possibility of steam release for district heating as well as numerous waste incineration plants. The plan furthermore emphasizes that the city of Milan has a gas network which was put together for cooking and hot-water use; this network is technically and economically highly obsolescent and does not have any methane distribution network. According to the recently approved energy plan, the potential district heating market in Italy amounts to 10 million inhabitants with annual savings estimated at 7 million tep (tons of petroleum equivalent).

In the Lombardy-Piedmont area, the district heating projects which were switched to the use of coal, according to the plan outlines, would entail an annual requirement of something like approximately 8 million t. With these prerequisites in mind, an articulated regional district heating system was drafted for Lombardy on the basis of a first subsystem whose center would be the urban and metropolitan area of Milan (25 communities, including Monza), while the vertices would be the urban nuclei of Varese-Como-Lecco-Bergamo, plus separate poles represented by the urban centers of Brescia-Mantova-Cremona-Pavia.

The overall system calls for serving about 3.6 million equivalent inhabitants (calculated as the ratio between the total volume and the average per-capita volume of construction assumed to be equal to 100 m³ per person) to which would correspond a peak thermal capacity of 6,510 Gcal/hr, including 4,930 for the Milan urban area.

With reference to the urban-metropolitan area of Milan, plans call for covering 50 percent (base) of the required heat output through thermoelectric power plants of the derivation and condensation type while the other 50 percent (peak) would be drawn from power plants with boilers that only produce heat. For the base capacity of the urban sector, plans call for the use of the thermoelectric power plants of the ENEL and AEM [expansion unknown] at Tavazzano (two groups of 320 Mw) and Cassano d'Adda (320 Mw), the power plants of the SISAS [expansion unknown] company at Pioltello and the Pirelli Company at Bicocca, the community incinerator on Zama Street, while the ENEL will have to provide new power plants for the western sector. The Milan system, thus designed, assumes that the construction of major transport trunklines will be included in the community plans, along with distribution networks serving the user, plus subsidiary power plants and reserve boilers, while the ENEL will be responsible for meeting the basic demands. For the other poles of the regional system, on the other hand, the production plants will also be able to become involved again, in view of the limited capacity in terms of

regional investment. A total investment of 2.32 billion was calculated on this basis (excluding the base power plants at Milan), broken down as follows in terms of billion lire.

Power Plants		Trunk Lines, Network, and Subsidiary Plants
Metropolitan Area of Milan		2,009
Bergamo	18	27
Como	11	27
Varese	10	21
Busto-Gallarate-Legnano Castellanza	30	60
Lecco	7	11
Brescia	30	3
Mantua	15	7
Cremona	12	4
Pavia	8	10
Total	141	2,179
Grand Total		2,320

Initial action is planned for the Milan area, combined with other investments in some cities in Lombardy, to be implemented in two phases, considering the availability of already existing power plants and the time frame required for materializing the investments. The first phase provides for the collection of heat from the above-mentioned power plants intended for the eastern sector of Milan, the construction of the Tavazzano-Milan and Cassano--Milan trunk lines, the distribution network for the eastern sector, in addition to the construction of district heating facilities at Pavia, Mantua, Cremona, Varese, and the extension to Brescia.

The second phase concerns the construction of the district heating network for the western sector of Milan and the corresponding heat supply system while as far as the other poles of the regional system are concerned, action will be taken parallel to or in series, with respect to the two primary phases.

For Milan, the estimated time frame would be 6 and 8 years for the two phases with a total of 12 years, with superposition of actual work, while the total financial cost of 2,009 billion would be broken up into 869 billion for the first phase (1982-1987) and 1,140 billion for the second phase (1986-1993). According to the plan outlined here, the annual savings for the Milan metropolitan area alone would be about 800,000 tep for a possible recoverable cost of about 300 billion (assuming coal supply).

In view of the power loss connected with the use of steam for district heating at the Tavazzano ENEL power plant, a memorandum of understanding was drafted and accepted (community, ENEL, region) concerning the cession of this power to be recovered through new thermoelectric sections. Compared to the 869 billion for the first phase of work for the Milan area, plans call for a first slice of 500 billion substantially intended for the construction of the distribution networks.

The time frame for the various heat sources are as follows: 6 years for each of networks coming from Cassano and Tavazzano, 2 years for the SISAS network, and 1 year for the networks of Pirelli and the incinerator. The following table in detail shows the way in which the 869 billion, included in the first phase of the regional plan, would be spent, with the amounts for the other urban centers, included in the same phase and totalling 120 billion remaining firms.

Activities in Power Plants:	
ENEL ¹²	45
AEM	23
Feeders:	
Tavazzano-Milan	88
Cassano-Milan	56
Combination Power Plants:	
Zone of Tavazzano	102
Zone of Cassano	62
Urban Network and Connections	
Zone of Tavazzano	285
Zone of Cassano	143
Investments in SISAS, Pirelli, Incinerator	
	65
Total	869

Plans call for the construction of four 175-Gcal/hr, each, combination power plants for the district heating network coming from Tavazzano and two, with the same capacity for the Cassano network, in addition to the other industrial heat supply.

The relative thermal capacities are as follows (Gcal/hr):

Power Plant for Tavazzano Network	700
Power Plant for Cassano Network	350
SISAL [as published] Power Plant	98
Pirelli Power Plant	25
Incinerator Plant, AMNV	5
[expansion unknown]	

5058

CSO: 3104/142

HIGH ENERGY COSTS HARM INDUSTRY COMPETITIVENESS

Amsterdam ELSEVIERS MAGAZINE in Dutch 6 Feb 82 pp 13-16

[Report on interview with Messrs E.A. de Wit of the Cooperative Association of Large Energy Consumers in Industry, C. van Veen, president of the Federation of Netherlands Enterprises, and J.H. Bakker, director of the Association of Electricity Producers, by H.J. Looman: "Giants Are Rebelling -- High Energy Costs Are Strangling Industry"; date and place of interviews not given]

[Text] The "giants" among the large consumers of electricity have rebelled against the enormous price differences which have arisen between us and our neighboring countries. During a meeting with Minister Terlouw they used the word "unacceptable" and asked for a solution to their problems in the very near future. They returned home rather disappointed. The minister could only offer results for the long term, later on, when cheaper coal will be burned by the power stations.

High energy rates are a concern for Dutch industry as a whole, but it is specifically the very large electricity consumers -- members of SIGE [Cooperative Association of Large Energy Consumers in Industry] -- who feel seriously threatened. Last week, they -- companies such as Akzo Salt Chemical, Dow Chemical, Hoechst Vlissingen and the like -- told Minister of Economic Affairs Terlouw that according to their figures the price difference with the competition in the FRG alone represents an additional burden for them of more than 400 million guilders per year, thus more than 1 million guilders per day.

Engineer E.A. de Wit of SIGE noted: "This is strangling us and actually makes it impossible for us to work. If, in terms of electricity prices, we cannot very soon get in step with countries such as the FRG, France and Belgium, then there will definitely be victims. A healthy company like Elektro Schmelzwerk in Delfzijl, which manufactures high-grade raw materials for the abrasive products industry, has already been reduced to the last extremity. The management has said: if something does not happen soon, we will have to close in another month, and 500 more people will be out on the street."

"If the government and the electric power producers do not come up with solutions, I foresee more business closings and even a flight of enterprises abroad. If that factory in Delfzijl -- and that is only a small one among the giants -- could be moved 20 kilometers eastward, this would mean a yearly power cost savings for the company of 16 million guilders," said De Wit.

Akzo Salt Chemical has already threatened to close its companies in the Botlek area. The additional 75 million guilders the company has to pay for electric power compared to its German competitors can no longer be borne. It endangers the jobs of 800 individuals.

SIGE -- with 62,500 workers and a 10 percent share of Dutch exports -- emphatically pressed Minister Terlouw for a quick interim rate adjustment, if necessary to be achieved through emergency legislation through which the Ministry of Economic Affairs can take action in the matter of prices. The minister could not promise this. The suggestion was made to him that the BTW [Value-added Tax] on oil and natural gas be reduced from 18 to 4 percent, or that part of the proceeds of the 4 billion cubic meters of natural gas, which will presumably be offered to the power stations as additional input, be used for the very necessary rate cutback. The minister could not promise that either.

They talked about the plan, which may be feasible in the short term, of importing cheap power from abroad. Large consumers in Groningen, Limburg, Brabant and Zeeland, which are located close to the border, have already insisted on this. The foreign producers have offered to bring that power to the border. But it would be necessary for the SEP [Association of Electricity Producers] to provide transmission facilities from the border to the companies. And this matter apparently bristles with difficulties. Minister Terlouw told SIGE that he would gladly support that plan, but that the last word will be up to SEP.

Aside from that, he sees only the long term solution of greater coal consumption for electric power stations. But the conversion of the power stations in the Maasvlakte alone, from oil to coal, will require 5 or 6 years.

"That would indeed bring grist to the mill, but by that time the only thing left of the very large consumers will be a heap of ruins," according to a SIGE spokesman. "Since 1979, a very clear erosion of jobs has been observable in the large consumers, on the order of 3,000 people already. And this goes on relentlessly, because no branch of industry can bear a yearly drain of 400 million guilders. Consequently, the fact that the minister of economic affairs could not give us a single short term solution in prospect has put us in a very somber mood."

Prior to the 1973-1974 oil crisis, electricity prices for industrial use were lower in the Netherlands than in the Federal Republic of Germany. This advantage was lost during the period 1973-1977: the advantage turned into a slight lag. After 1978 the blows were dealt, with as primary cause once again a doubling of the price of crude oil by the OPEC suppliers. During those years, the price difference for the "giants" grew gradually from 0.6 cents per kilowatt/hour to the current 7 cents per kilowatt/hour. Which makes a yearly difference, as mentioned above, of more than 400 million guilders.

It was noted at SIGE that the price difference is not only the result of the use of cheap coal and lignite in the FRG. That only explains half of the price difference. The approximately 30 percent lower price of electricity is to a large extent also due to a much more favorable rate structure for industrial consumers. The more one consumes, the more the rates drop. This is also considered an attractive idea for the Netherlands.

On being asked, Mr C. van Veen, president of the Federation of Netherlands Enterprises [VNO], said: "The problem is that Dutch industry is so heavily dependent on expensive oil and natural gas. Because this is what keeps 80 percent of our electric power stations going. In the FRG this is only true of 28 percent, and in France of 27 percent. In our country the share of coal is 9 percent, in the FRG 54 percent, and in France 25 percent, somewhat less because they also have a great deal of hydroelectric power at their disposal. Nuclear energy also plays a significant role: approximately 6.5 percent for the Netherlands, more than 10 percent for the FRG, and more than 13 percent for France."

"These differences in fuel use are the major reason for the strongly divergent electric power rates among the three above mentioned countries. The consequences are very far-reaching. The total electric bill to be paid by Dutch industry is approximately 4.5 billion guilders. If our industries had been located in the FRG, our bill would have been approximately 1 billion guilders less. In France this would even have made a difference of 1.5 billion guilders."

"Alas, we also have to state then that a significant part of the improvement of our international competitive position as a result of the moderation of labor costs over the last few years, has been drained by the much higher electric bill sent to the companies.

[Question] And what are we doing about that?

"Actually nothing. We are constantly delaying the necessary decisions about feeding cheaper energy -- either coal or nuclear energy -- to our power stations. As long as we don't want or don't dare to make those decisions, the differences in the cost price of our products will continue to get bigger. Which can only be absorbed by a reduction of the labor costs. In that case, much more than a few percentage points would be involved. I am afraid that the seriousness of the problem of excessive electricity prices is still largely underestimated," said Mr Van Veen.

Natural Gas Used in Power Stations

1978	10.1 billion cubic meters
1979	8.1 billion cubic meters
1980	6.1 billion cubic meters
1981	5.8 billion cubic meters
1982 (anticipated)	5.7 billion cubic meters*

* This estimate should be increased by 4 billion cubic meters if an agreement is reached between the government, the Gasunie and the electric power companies on this additional use of natural gas.

We presented engineer J.H. Bakker, director of the Association of Electricity Producers, with the following question:

[Question] What is SEP's position on the planned purchase of inexpensive electric power from abroad by a number of companies -- such as Elektro Schmelzwerk in Delfzijl?

[Answer] That is much more complicated than is recognized. It is technically possible, but the financial and even social problems tied to it are not trifling. In the final analysis, this does involve an amount of nuclear power being brought in through the back door. Naturally, we fully understand the difficult situation the Delfzijl company finds itself in. As a matter of fact, this also applies to other large consumers in the Netherlands, who have to make headway against the low energy rates abroad. Many years ago, we warned the Ministry of Economic Affairs about the danger of this imminent development. This could be foreseen.

For the SEP, which as administrator of the public network must give its cooperation to such an importation of current, this is a totally new issue, and moreover a precedent which must be studied very intelligently. Alas, at the present time it does not look as if we will be able to give the green light quickly.

[Question] High energy costs are threatening export opportunities for Dutch industry. What concrete possibilities are there to achieve price reductions? Does this depend exclusively on the level of fuel oil prices?

[Answer] Yes, this is the big bottleneck. Foreign countries have three advantages which we simply cannot touch. The FRG has an abundance of inexpensive lignite, which furthermore is supplied at cost to the power stations. In addition, like countries such as France, Austria and Switzerland, they have a great deal of hydroelectric power at their disposal. And finally, all of them produce nuclear power, with France in the lead.

What do we have to set against this? A) Expensive fuel oil, which was already expensive but which in 1981 jumped once again from 412 guilders to 550 guilders per ton; B) natural gas, which is definitely not put at our disposal at cost, but which is tied to the high price of fuel oil. It is true that a high percentage flows into the treasury, but that does not alter the fact that we are stuck with a completely artificial natural gas price; and finally, C) no sizable nuclear energy capacity.

There are currently negotiations in progress with SIGE, the organization of large industrial consumers. They involve primarily a rate reduction for companies which use power continuously, thus also during the inexpensive nighttime hours. These negotiations are going well, but I must emphatically add here that the electric power companies will not be able to do anything as long as they have to buy natural gas which is tied to the fuel oil price, and as long as there is not enough nuclear energy.

[Question] The electric power companies are willing, as they say "in the interest of the country," to cooperate in an additional input of 4 billion cubic meters of natural gas in 1982. The SEP has asked the Ministry of Economic Affairs for a clear plan for the next 5 years. What was the response?

[Answer] We have not resolved that yet. The idea of the extra 4 billion cubic meters came from the two academic informateurs involved in the government formation. To put it mildly, this has caused quite some surprise among the electric power producers. Additional natural gas for firing is of course flagrantly contrary to the hitherto conducted policy of a drastic cutback in firing with

natural gas. This is being undone in one stroke. The SEP has told the minister of economic affairs that the input of extra natural gas would only be possible if certain conditions are met.

The structural decision must be made that over a number of years we will have more natural gas at our disposal. This is necessary in order to bridge the period during which the power stations would be in the process of converting their oil boilers to coal burning, which Mr Terlouw is so insistent on. One year of extra natural gas and then fall back on oil would naturally be impossible. Another point under discussion is the implementation of a fixed price for natural gas such that the "unacceptable price differences" with foreign countries, as the minister said, would be somewhat adjusted. This is still being studied a great deal.

Finally, there is the problem of electric power consumption by small consumers. Under pressure from large consumers who have gotten into trouble, a rate like in the family sector is far from imaginary. It is expected that the price per kilowatt/hour, which jumped by 4 cents in 1981, will be increased by 2.2 cents this year.

[Question] The various memoranda from the Energy Department have repeatedly stressed "a guaranteed supply to meet the demand for energy at the lowest possible cost." Isn't the fact that a few municipal electric power companies are using substantial parts of their profits for other purposes -- outside the energy sector -- in conflict with this?

[Answer] Yes, undoubtedly. I am definitely against it. And that is well known. Public utility companies should in principle be able to cover their costs. If there is any profit, it should not be used to maintain the municipal sanitation department or the parks service. That money must come from somewhere else. The companies know that this is what I think about that.

[Question] The profit making ability of a number of provincial production companies disappeared in 1981. Will this money losing situation continue this year?

[Answer] Several companies will be able to get along reasonably well yet this year. However, those who ended up in the red in 1981 will not be able to escape this in 1982. Which is naturally worrisome. Because it involves tens of millions of guilders. The main reason for this is that they receive only very limited permission from the government to increase the rates, and at the same time are faced with building costly installations, such as coal and boilers in a few companies.

[Question] Nationally speaking, the fixed kilowatt charge and the rates are widely divergent. For example: 14.4 cents per kilowatt/hour in North Brabant and 24.5 cents in Amsterdam (GEB [Municipal Gas and Electric Company]). Is there ever any talk of a uniform price level?

[Answer] It has been recommended a few times that the companies strive for a uniform rate structure. The fact that one company earns more profits than another makes this rather difficult to achieve.

The problems surrounding the national supply of electric power are stacked sky-high. Especially energy intensive companies such as Akzo Salt Chemical, Dow Chemical, Hoechst Vlissingen, to name but a few, are deep in export worries.

What would the situation of Dutch industry be like today if the decision made by the Den Uyl administration, to develop 3 times 1000 megawatts in nuclear energy, had been implemented? Admittedly, this is an academic question. Which could be answered though. /It would have reduced the net costs of generating electricity by at least 1 billion guilders/ [printed in italics]. Let us clarify: a few press reports have mentioned a savings of 2 to 4 billion guilders. However, these figures refer to the not very realistic situation in which 60 to 70 percent of electric power consumption would be generated by nuclear energy. A net reduction of 1 billion guilders could have been achieved through the input of the 3 x 1000 megawatts of nuclear energy proposed by Den Uyl and Lubbers. For those who keep track of the Large Social Discussion, this is a figure to think about, isn't it.

8463

CSO: 3105/100

GOVERNMENT, UNIONS CONTINUE QUARREL ON STEEL INDUSTRY

Eyskens on Government Plans

Brussels LA LIBRE BELGIQUE in French 3 Mar 82 p 1

[Interview by P. Lo. with Minister of Economic Affairs Marc Eyskens: "Mr Eyskens: Total Respect for the Plan Would Require Increased Financial Means"; date and place not given]

[Text] [Question] After the European Commission's critical look at the restructuring of Cockerill-Sambre, are you still in a position to state to the metalworkers on Wednesday that the /entire/ plan of 15 May will be applied?

[Answer] The Commission, like the recent governments, poses some questions regarding the profitability of Cockerill-Sambre from 1985 on. In the initial "Claes plan," there was already talk of negative profitability. This is the reason why we have planned to convert the company's long-term indebtedness into capital. The Commission considers this insufficient. We are awaiting its official specific statements.

I received Mr Davignon on Monday, which excused me from participating, in the early evening, in the information session at the EEC. The incident, which such a fuss has been made of, is grotesque. By agreement with my colleagues in the government, I considered that the responsibilities should be distinguished. I would simply like to recall the fact that we have been asking the Commission to make up its mind for 9 months.

As regards "critical looks," it is striking that the Commission was far more restrictive about the textile industry than for steel. Mr Davignon believes he can get the green light from the Commission on a "superinstallment" of BF 21 billion in investments.

The modernization of Cockerill-Sambre is what is at stake. Adding in the 22 billion for coverage of losses, that makes 43 billion, or more than 2 million per worker.

[Question] What will you say concerning the continuous casting of Seraing?

[Answer] The plan of 15 May provided for four casting lines, including one at Seraing. Quite a few things have changed at the market level since then, and the

neighboring countries have become more reluctant about Belgian steel, which is subsidized at the rate of BF 1,000 to 2,500 per ton. It has to be repeated emphatically that Belgium exports 80 percent of its steel. We are threatened with retaliatory measures that would be fatal to us.

The Commission, it is true, asserts that the Seraing casting would not be profitable. That remains to be verified. One may not improvise--all the more so in that the synergies, upstream and downstream, have to be taken into account. I do not want to prejudge. But a tactical question arises: is it proper to dig in on its positions in an all-or-nothing logic that entails blockage of aid and the collapse of Cockerill-Sambre? Or should Mr Davignon's "superinstallment" be accepted?

The government will have to think about the matter, but for my part, I consider the 21 billion something important. It is vital to get the big investments started.

[Question] In speaking this way, you appear to be on the same wavelength as the Commission, whereas it does not spare you.

[Answer] To say that we are on the same wavelength as the Commission is entirely excessive. I simply note that in addition to approval of the "superinstallment," the Commission says it agrees about renegotiating the problem of the fourth continuous-casting operation. This opening leaves some room for maneuver.

[Question] In a nutshell, what are you going to say to the metalworkers that has not already been said?

[Answer] I will not be able to say much new. First of all, I want to learn their reactions. I will say that the figures have to be looked at. All the figures. Especially those that do not look good. And make speeches only after doing so. Next I will make a report to the government on Thursday. It will decide on its attitude.

On the subject of adherence to the plan of 15 May that you referred to, it is necessary to remain coherent. If it is required to be maintained, it is in all its elements. Now one of those elements is the financial packages. Both at the level of loss coverage (22 billion) and investments (27 billion), these packages are bursting apart. This poses a fundamental political problem that also affects coal-mining, the shipyards and textiles. Will a majority be found to increase these packages in the present budgetary circumstances? Who is going to finance them?

[Question] In this regard, what will your attitude be when the congress of the CVP [Christian People's Party], your party, declares itself in 10 days on a motion calling for regionalization of the national sectors?

[Answer] My first duty is to stick by the government declaration, which says nothing on this subject. The declaration does state, on the other hand, that we are going to complete and apply the reform of the state. Now the law of 8 August 1980 provides for possible regionalization of the national sectors in the event that the executives consider it advisable for things to be that way. Mr Spitaels claims that 75 percent of the credits are going to Flanders. The Volksunie [People's Union] asserts the contrary. Before launching into such a debate, figures have to be brought into line.

[Question] If the executives decide to do something in the matter of regionalization of the national sectors, will the government try to temper their initiative?

[Answer] It all depends on the conditions. If the executives get together to pull a budgetary holdup on the state, we will have to resist with all our energy, because we do not have any more money.

It is necessary to be extremely attentive to the uncontrollable chain reactions that could be triggered on the institutional level, but especially the social level. We are so sick that we do not need a storm to topple us. A sea breeze would be enough.

Workers Reject Government View

Brussels LA LIBRE BELGIQUE in French 4 Mar 82 p 3

[Article: "An Eight-Point Charter Rejected by the Metalworkers"]

[Text] On Wednesday afternoon, Minister of Economic Affairs Marc Eyskens received a delegation of some 40 Walloon steelworkers, including the top leaders of the Liege and Charleroi central organizations. This same delegation had gone to the European Commission on Monday. Meeting with the press after the talk, Mr Eyskens spoke of "calm exchange of views" and stressed the government's desire to carry out the restructuring of Cockerill-Sambre--a desire expressed in an eight-point charter that the metalworkers have massively rejected.

During the meeting with the metalworkers, the minister of economic affairs gave in effect a reading of an eight-point declaration drafted that very noon by the members of the government with responsibilities in steel, under the chairmanship of the prime minister.

Here is the content of this charter on steel, which concerns, it should be stressed, the sector on the national level:

"(1) The government confirms its desire to carry out the steel-industry restructuring to its successful conclusion, which will make it possible to ensure the existence of this basic activity in the various areas, in view of the importance of this sector for industrial policy and its implications for the other sectors of the economy of the three regions of the country.

"(2) The government has taken note of the position of the Commission of the European Communities on the subject of the restructuring of Cockerill-Sambre.

"(3) The government confirms the overall packages decided on on 15 May 1981 concerning the investments and the cash drains.

"(4) The government decides in favor of carrying out the BF 21 billion investment installment to which the Commission has given its agreement.

"(5) The government is undertaking with the Commission of the European Communities a negotiation on the use of the balance of the investment package of 15 May 1981, with a view to ensuring the industrial and financial viability of the enterprise and safeguarding the maximum number of jobs possible in the various areas.

"(6) The government will require the industrialists concerned to give concrete form to the Hanzinelle commitments, within the framework of a written agreement that specifies the modalities and schedule for the implementation of these commitments.

"(7) The government will name the new chairman-general manager of Cockerill-Sambre within the month.

"(8) The government confirms that for the purpose of rationalizing the structures and for the purpose of greater clarity in the public interventions in the five national sectors, the financing companies in the various sectors will be merged into a single company in accordance with the modalities provided for the government's agreement. In addition, the government is prepared to examine whether a consensus can be achieved on the advisability of regionalizing these sectors, and as the case may require, on the financing of such a reform."

On the subject of steel, Mr Eyskens added that the government would oversee the execution of the management contract in all its aspects, as well as the costs and the development of the international synergies. As he did in the interview he granted to our newspaper (LA LIBRE BELGIQUE of 3 March), Mr Eyskens stressed the importance of very rapid finalization of the dossier with the Commission. We are ready to negotiate about the balance, he declared. (Editor's Note: The 6 billion in investments that still has to be approved by the Commission.)

The minister termed "abnormal" the fact that a government not composed of steel experts should be ceaselessly obliged to deal with so complex a dossier, which should have been settled by the enterprise itself. Whence the urgency of naming a chairman-general manager, he said.

Toward "Tougher" Action

Mr Gillon (FCTB [General Federation of Labor of Belgium]-Liege) declared, at the conclusion of the meeting, "that he was absolutely not in agreement with the decision of the European Commission and that action was going to get tougher. Neither do we accept being dependent on the good will of the Flemish right, and it is for this reason that we take a position in favor of a federal system in which everyone can take on his own responsibilities," he further stated.

Mr Cammarata (CSC [Confederation of Christian Trade Unions]-Charleroi) stated for his part that the workers of La Providence were disturbed and that action was going to continue. "The tiny bit of credibility that the government still has with the CSC depends on the result of the negotiations that are taking place right now in the prime minister's residence," he added.

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CSO: 3100/406

CONSULTANT'S REPORT ON FUTURE OF COCKERILL-SAMBRE

Brussels LA LIBRE BELGIQUE in French 2 Mar 82 p 3

[Article by P. Lo.: "McKinsey Judges Cockerill-Sambre Unprofitable in the Long Run: from the Expert Report to the Future of Walloon Steel"]

[Text] At the center of the debate on the restructuring of Cockerill-Sambre is the report by the American consultant McKinsey, the broad outlines of which we reported in our weekend editions. This document, commissioned by the European Community for the purpose of verifying the hypotheses that led to the government plan of 15 May, reaches two major conclusions: the unprofitability of the steelmaking group from about 1985 on (annual losses between BF 5.7 and 18.8 billion), and the inadvisability of the second continuous casting at Liege, installation of which would cause a deficit of BF 292 million per year.

In the introduction to his report, the consultant specifies that his mission is limited to evaluating the technical, economic, social, financial and strategic implications of the industrial scheme proposed, which is the option No 10 approved by the management of Cockerill-Sambre on the basis of the Nippon Steel plan.

The estimates of the economic and financial implications were made by using the basic data furnished by the company and adopting a series of optimistic working hypotheses, states McKinsey, who stresses that the impact of the devaluation of the franc was not taken into account in this analysis.

The consultant adopted the figure of 10 percent as the hypothesis for the annual increase in the average cost of the production factors, while considering that it is not established, vis-a-vis the recent trends, that the company can limit the increase in its production costs to that rate.

During the last 6 years, the market price has risen at an average annual rate about 2 percent lower than the rate of inflation of average production costs. Despite this historic trend, McKinsey adopted two more optimistic working hypotheses and established the following estimates for each of the two hypotheses:

--price increase 10-percent higher than cost inflation in 1982 and equal to cost inflation for the following years. This supposes, on the one hand, that the price increase objective can be effectively reached and maintained by the industry, and on the other hand, that the price increases in the following years continue at a rate about 2-percent higher than the trend of the last 6 years. In sum, with average cost inflation of 10 percent, this hypothesis implies a price increase on the order of 60 percent between now and the end of 1985;

--annual price increase constantly equal to cost inflation from 1 January 1982 on. This represents a further improvement of the annual rate of increase of real prices on the order of 2 percent vis-a-vis the trend of the last 6 years. In sum, with annual cost inflation of 10 percent, this hypothesis implies a price increase on the order of 46 percent between now and the end of 1985.

As regards volume of production and sale of finished products, McKinsey used the company's hypothesis, which is on the order of 6.3 million tons. This level is described as "optimistic" for various reasons:

--the level achieved in 1981 was on the order of 5.5 million tons (15 percent less than the hypothesis);

--the worldwide structural modifications in the supply and demand for steel products, as well as the burgeoning trends toward certain forms of "protection" of both the big European markets and the big export markets, lead one to fear that the level of production economically accessible to Belgium and to Cockerill-Sambre in particular is decreasing from the levels recently reached.

The consultant notes that this optimistic production hypothesis is economically advantageous for Cockerill-Sambre only if the enterprise adopts a production structure that performs well. In the contrary case, the additional tonnage above the present level leads to increased financial losses.

For McKinsey, the implications of the option No 10 chosen by the company are the following:

1) Investments on the order of BF 25 billion (in addition to the 9 billion already committed) in the existing steelworks and hot lines, but with apparently insufficient attention to the cold and coating stages of Liege, which could in the long run compromise the viability of these unique elements that are decisive as regards significant added value in the future;

2) Layoffs of about 4,000 personnel, in relation to the level at 1 January 1982, by improvement of the operations;

3) Total cumulative financing needs (for investments and coverage of cash drains) on the order of BF 55 to 90 billion between 1 January 1982 and 31 December 1985, depending on the degree of optimism of the price-improvement hypotheses. This is to be compared with the level of about BF 49 billion, being the balance of the funds provided for in the plan of 15 May 1981 after the 41 billion already used in 1981.

4) Economic nonviability of the enterprise: in 1985, the net results would still be negative in the amount of BF 5.7 to 18.8 billion (depending on the price-increase hypothesis), even on the supposition that the system of aid of all kinds could be maintained and extended to permit the continuity of the enterprise. Furthermore, it should be noted that in all probability, the results from 1986 on would be worsened by an additional amount on the order of BF 2 billion if the moratorium on financial charges were to be interrupted.

As regards the Seraing continuous casting, McKinsey's report concludes that the investment would engender an annual deficit of BF 292 billion, whereas transfer of activity from Seraing to Chertal would make it possible to achieve net savings of BF 203 billion. This last point is not the least one in the current debate.

GNP ROSE SLIGHTLY IN LAST QUARTER OF 1981

West Berlin DIW WOCHENBERICHT in German 18 Feb 82 pp 101-103, 108

[Text] By the end of 1981, the gap between domestic goods consumption and exports grew even wider. While domestic goods consumption went down even further by a seasonally adjusted 2 percent in real terms, the export of goods and services registered a strong rise by 4 percent once again. Due to this unexpectedly sharp increase in exports the real, seasonally and in terms of workdays adjusted GNP not only did not decline but in fact rose slightly, surpassing the corresponding figures for last year by almost one percent—while domestic goods consumption went down by 3.5 percent. For all of 1981, the figures are: GNP down by 0.5 percent in real terms; domestic goods consumption down by 2.5 percent.

In the fourth quarter, it was the goods-producing sector of the economy that was hardest hit by weak domestic demand once again. The worst showing was made by the construction industry. The small number of orders and the bad weather caused profits in real terms to drop very sharply; in the construction industry itself, they fell by almost 10 percent. In the processing sector, long plagued by weak demand, it was the production of consumer goods in particular that kept on falling. But in the investment goods sector—whose export quota stands at a very high 37 percent for 1981—the decline did not pick up speed.

As against the production losses, there was a slight rise in mining and in the energy and water industry so that overall output of the goods-producing sector declined by a "mere" one percent or so. Since there was a slight increase in profits in the tertiary sector, real GNP—seasonally adjusted and in terms of workdays—declined by almost 0.5 percent—which was somewhat less than expected. In fact, there is even a slight rise in the GNP, since earnings and capital gains in foreign countries were up once more for the first time in a year.

Throughout the year, domestic inflation continued unabated, while prices for imported goods no longer rose as a consequence of the higher valuation of the DM. By the end of 1981, the DM was about 4.5 percent more expensive on the average than in August as against the currencies of the 23 most important trading partners—rising by about 11 percent against the U.S. dollar. Since export prices continued to rise at a slightly accelerated pace, the terms

of trade improved markedly during the reporting period. This caused a sharp, seasonally adjusted rise of the deflationary factor of the GNP. Last year's levels were exceeded by about 5 percent. For the year 1981, the rise amounted to 4.5 percent on the average with price rises in domestic goods consumption amounting to 5.5 percent.

In 1981, the recessive trends in equipment investments continued to increase. Based on domestic sales by the investment goods producing sector and investment goods imports, real, seasonally adjusted investments in equipment declined sharply in the fourth quarter, dipping below last year's levels by 4.5 percent. For all of 1981, the drop amounts to about 2.5 percent. Domestic sales of the machine building industry had been dropping because of lessening demand; but sales are now also down in many sectors of the electrical industry. On the other hand, sales have been up since the summer in the truck industry. The price rises in equipment have slowed down somewhat on the whole. While domestically purchased equipment continued to rise in price at an almost undiminished rate, prices for imports declined due to the IM revaluation.

Construction investments were down sharply during the last quarter. The orders picture continued to deteriorate throughout. Continued reticence on the part of government to place orders made itself felt particularly in the civil engineering sector while the situation continued good relatively speaking in the structural engineering field. In trying to stretch the orders on hand, the firms themselves were aided by bad weather as they had been the year before. In the construction industry itself above all construction activity was severely curtailed. But the finishing trades, too, did not have as much work to do as a result of the smaller number of houses built. Last year's already low levels in construction investments dropped once again by more than 5 percent. The 1981 average thus amounted to a decline by a good 3 percent in real terms. The decline in the inflation rate which had been slowing down continually since the fall of 1980 did not continue during the reporting period. All the same, the rate of price increase in this sector was not as high as the general average.

Since the summer of 1981, the stocks on hand have had a particularly strong, retarding effect on the economy as a whole. The pressure of these goods on hand which has kept up since the middle of 1979 was lessened somewhat during the last quarter through a further decrease in inventories. It was possible once more to reduce production and wholesale inventories; but in the retail sector inventories increased temporarily as a result of the unexpectedly poor Christmas sales picture.

Real private consumption remained stagnant at a low level during the last quarter. The decline as against the corresponding figure for last year amounted to one percent—as it did for all of 1981. So poor a total had not been reached throughout the entire postwar period. Christmas sales had an unfavorable impact on the last quarter. Retail sales of toys and luxury articles like furs and jewelry as well as photographic and electrical equipment were sharply down in real terms. The small number of apartments finished as well

as a general reluctance to make replacement purchases led to a decline in retail sales of household goods, furniture, textiles for the home and floor coverings. But sales were up particularly in sporting goods, radios and TV sets, books and shoes. Automobile sales did well once more. There had been a sharp rise in newly licensed vehicles during the third quarter; this trend continued during the reporting quarter. The seasonally adjusted number of newly licensed passenger vehicles has now reached the 1980 level.

Inflation at the consumer stage remained high. Although imports did not rise in price, there were sharp increases in the price of domestic goods and services, particularly in food—most of all in meats and meat products—and in fruit and potatoes due to the bad harvest. In imported fuels, the improvement in the DM-dollar exchange rate made itself felt. The price of heating oil was down by $2\frac{1}{2}$ percent and that of motor fuels by $6\frac{1}{2}$ percent in December from September, the last previous high.

Despite the rise in the foreign exchange value of the DM, the competitive position of the German economy remained favorable. And despite the worldwide recession, German exporters were able to expand their goods exports further—particularly those of investment goods. Exports to the OPEC countries, to the United States and a number of developing countries also rose.

At the same time, goods imports during the reporting quarter fell slightly once again. While imports of finished goods and raw materials—particularly of petroleum products—were falling, imports of foods, semi-finished goods and primary products even rose somewhat.

In the last quarter, the seasonally adjusted balance of trade in real terms registered a marked rise again. The nominal rise was even sharper due to the improvement in the terms of trade. Due to a rise in earnings from capital yields, the deficit in the balance of goods and services declined so sharply that the foreign component exceeded the high level of 1974 in the last quarter (seasonally adjusted and annualized).

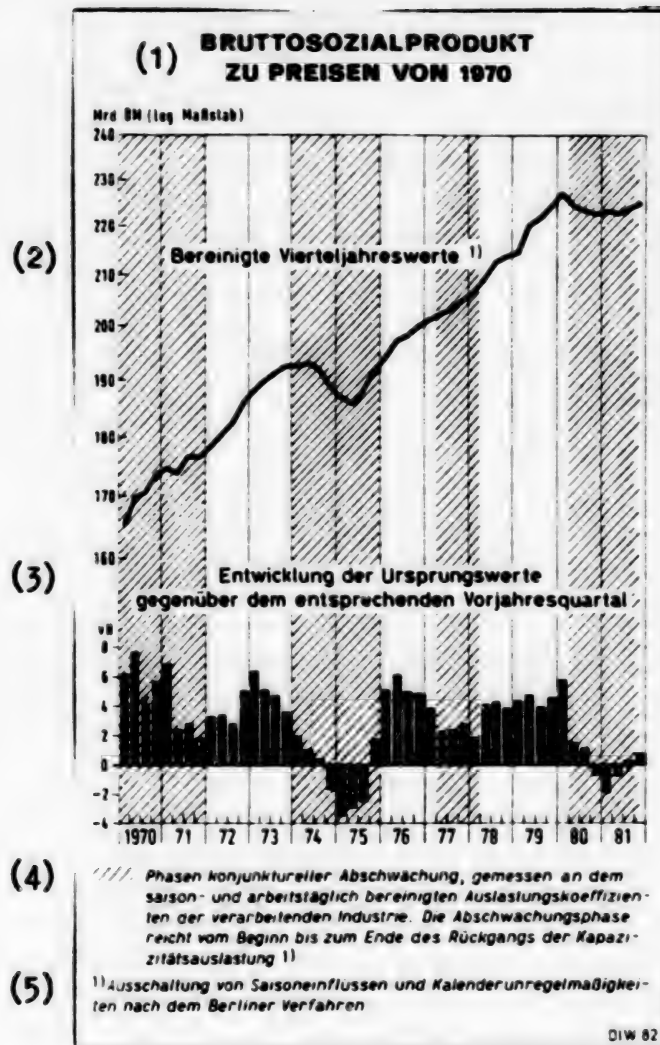
The decline in real GNP was accompanied by a decline in productivity by the economy as a whole. Although there were more workdays available, actual work volume remained at the level of the previous quarter despite increased unemployment and shorter workdays. The impact on (hourly) productivity led to a sharp rise in wage costs per unit throughout the economy despite the fact that hourly earnings did not increase as much as before. This worked against the relief industry obtained from lower import costs but did not offset them altogether. Earnings from industrial production and capital both managed to recover appreciably.

Prospects

During the last few months of 1981, orders from abroad registered another extremely sharp rise in real terms. They had been down for a short time as a result of the higher DM valuation. The investment goods industry in particular

registered an increase. Thus, real goods exports will be rising markedly during the first few months of this year, thereby giving the economy a lift. Domestic demand, on the other hand, is down as before. This is particularly evident in the orders placed with the consumer goods, the basic and the production goods industries. But domestic orders placed with the investment goods industry have hardly declined at all of late. But in this particular instance, it was large-scale orders which played a role.

Employment will be down further. Since the rise in consumer prices has not slowed down at the beginning of the year and since payments resulting from wage agreements will not be forthcoming until the second quarter, real private consumption will be down again. Construction investments will have a continued negative impact on the economy, since the orders on hand have meanwhile receded to next to nothing. In equipment investments, the decline might be slowed due to the relative improvement in the orders situation. When and if the investment subsidy recently agreed upon by the government will have an impact is a moot point—at any rate, no short-term impact is to be expected. Since inventory pressure—measured against real, seasonally adjusted inventory levels—is still very strong, there is no stimulation for the economy to be expected from this quarter in the near future. Overall, real, seasonally adjusted domestic goods consumption will decline appreciable during the first quarter of this year. But increased foreign demand leads one to assume that there will not be a decline in production by the economy as a whole. The GNP might therefore top last year's level by about one percent.



Key:

1. GNP based on 1970 prices
2. Adjusted quarterly totals¹
3. Changes in original totals compared to corresponding totals during same quarter of preceding year
4. Stages of economic weakness measured against capacity use coefficient (adjusted seasonally and in terms of man-hours) of the processing industry. Weakness phase extends from beginning to end of decline in capacity use.
5. Exclusion of seasonal influences and calendar irregularities as per Berlin procedure

(1) Index der Nettoproduktion für das verarbeitende Gewerbe*)
kalendermonatlich

	1980	1981	1979			1980				1981			
			II	III	IV	I	II	III	IV	I	II	III	IV
1976 = 100													
Grundstoff- und Produktionsgüter (2)	107,9	104,1	115,1	113,5	113,7	112,7	111,2	104,7	102,9	103,1	105,2	104,3	103,8
Investitionsgüter (3)	111,6	111,2	109,1	101,5	119,6	112,6	111,1	104,9	117,7	109,0	110,8	105,5	119,6
Verbrauchsgüter (4)	105,3	100,2	105,1	101,4	113,3	110,1	103,3	100,0	107,9	101,9	97,6	96,2	105,1
Nahrungs- und Genußmittel (5)	106,3	108,4	102,8	103,1	111,1	103,1	103,8	105,4	112,6	105,2	105,6	108,1	114,9
Verarbeitendes Gewerbe (6)	108,8	107,1	109,3	104,9	115,9	111,0	108,9	104,1	111,4	105,7	106,4	103,9	112,3
in vH gegenüber Vorjahr													
Grundstoff- und Produktionsgüter (2)	-3,3	-3,5	8,4	9,2	8,2	8,2	-3,4	-7,7	-9,5	-8,5	-5,4	-0,4	0,9
Investitionsgüter (3)	2,5	-0,4	4,5	3,4	5,9	7,0	1,8	3,3	-1,6	-3,2	-0,3	0,5	1,6
Verbrauchsgüter (4)	-0,9	-4,8	3,0	4,2	2,6	4,7	-1,7	-1,4	-4,8	-7,4	-5,5	-3,8	-2,6
Nahrungs- und Genußmittel (5)	2,1	2,0	1,2	2,1	2,2	4,1	1,0	2,2	1,4	2,0	1,7	2,6	2,0
Verarbeitendes Gewerbe (6)	0,3	-1,6	5,0	5,0	5,5	6,6	-0,4	-0,8	-3,9	-4,8	-2,3	-0,2	0,8
*) Ursprungswerte. (7)													
Quelle: Statistisches Bundesamt, Fachserie 4, Reihe 2,1. (8)													

Key:

1. Net production index of processing industry by calendar months
2. Basic goods and production goods
3. Investment goods
4. Consumer goods
5. Foods and luxury foods
6. Processing industry
7. Original totals
8. Source: FRG Bureau of Statistics, special series 4, no 2,1

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CS0: 3103/322

TRADE WITH EAST BLOC WILL SOON BECOME 'CONSTRICTED'

Helsinki HELSINGIN SANOMAT in Finnish 9 Feb 82 p 22

[Article by Lauri Helve: "There Will Soon Be Less Trade With the East; The Sale of Railroad Cars From the Rautaruuki Plant Will Cut Into Other Exports"]

[Text] Rautaruuki's giant project, a railroad car plant for the towns of Otanmäki and Mustavaara, is arousing animosity in the Finnish export industry. Other Finnish exporters doing business with the Soviet Union fear that the creation of jobs in the Rautaruuki firm's mining localities will take a slice from their own exports, or at least would hurt the growth of their sales.

Because of the trend of oil prices at present, Rautaruuki's approximately 600 million markka railroad car export will deal another blow to the already dented East bloc trade, which will be felt in at least the metal industry, and perhaps in other sectors which sell to the East.

Will it turn out that the unemployment of Otanmäki and Mustavaara will just be transferred to somewhere else? Will Rautaruuki's railroad car production really be profitable? Will miners learn--or will they even want to learn--to become machine shop workers? Is the making of railroad cars this "Finnish high technology" which is spoken of in ceremonies? Is it being too daring to make this giant plant for just one customer?

Rautaruuki Worrying About Mining

It is especially significant that Rautaruuki is taking responsibility for the future of the mining settlements it built. Within a few years, a total of almost a thousand people would have to find jobs, because mining in these settlements will soon come to an end.

It is equally significant that it is extremely rare that a new type of production has successfully been started, based only on the fact that jobs have been needed in the area.

The new plant would really be large. According to rough estimates, the total amount of money involved would be about a billion markkas, of which the Finns would put up perhaps 600 million. A significant amount of the parts for the cars would come from the Soviet Union. The plants at Otanmäki and Mustavaara would swallow a few hundred million markkas.

Attempts Now Being Made To Cut Exports

Those who make Finnish trade policy are being criticized a little for the Rautaruuki venture. Presently wonder is being expressed as to why a cutting back of exports is being initiated. And now an export surplus of even 4 billion markkas is being expected. One just has to guess what our trade authorities were thinking, when a little before the presidential elections, Ahti Karjalainen and Helge Haavisto returned from the Soviet Union and proudly announced that they had gotten into the minutes of the [Soviet-Finnish] Trade Commission a statement on a joint venture for construction of railroad cars.

Perhaps this is an example of how the trade representatives were thinking: "This is an extremely expensive and bad method of taking care of the employment problem of the two towns."

"Mutual trade between Finland and the Soviet Union now and for the next few years is at that stage in which there will be a lack of products which we can import from the Soviet Union, since there are plenty of Finnish export products. We don't need to create new export products, especially we don't need to make products requiring only little processing."

However, in fact no such obvious objections regarding a Rautaruuki railroad car plant were raised. Some people do not dare to, and those who would dare are just those large exporters who are themselves trying every method to find a demand for their exports from elsewhere and are trying also to beat out their smaller and weaker competitors.

Those smaller and weaker competitors are the ones who at this moment are exporters of consumer goods, for which there is no promising future in trade with the East.

This is just what is happening to exports in trade with the Soviet Union with the merciful and surprising break in the rise of oil prices.

Men of Steel in the Trade With the East

The Rautaruuki railroad car plant is being pushed in Finland by two steel men in the Eastern trade, both of whom are Rautaruuki men. Helge Haavisto, industry leader and chairman of the Finnish Chamber of Commerce, and Ahti Karjalainen, chairman of Rautaruuki's board of directors and of the Finnish-Soviet Economic Commission. Of all Finns, it is perhaps they who have the best chances of putting a stop to new quotas for exports regarding trade with the Soviet Union.

Both men have already been obliged many times to explain projects to Finnish decision makers and industrialists. Most recently, this was discussed in a working committee of the central directorate of the Metal Industry Association.

Helge Haavisto defended the project to the leaders of the Finnish metal industry. He emphasized that the idea had not originated from the Soviet

Union. He spoke of the unemployment at Mustavaara and Otanmäki. He also stressed that Rautaruuki has wanted to find a product which would not be in competition with existing Finnish industries.

In reply, other metal industry leaders reminded that, although railroad cars are not in themselves in competition with the metal industry, they do compete with Finnish exports in general because of the ever more difficult attempt to find products for export in the Soviet trade.

Degree of Processing Is Important

Nor did the metal industry leaders consider the production of special railroad cars to be a feasible means of conducting trade. Presently, Finnish metal companies are trying to get products introduced in the Soviet export trade which require a considerably higher degree of processing, which the Soviets have wanted just as much. However, this has not succeeded, since corresponding imports have not been found.

Also Helge Haavisto's colleagues said that from their experience, making the 900 soon to be unemployed miners into machine shop workers will not be done easily, rather these men would do well to seek other types of jobs. Machinists would have to be lured from farther south.

Another reason why the Rautaruuki men are considered to be daring is that they are bold enough to build a plant requiring almost a thousand workers, and establish a billion markka enterprise for mainly one single customer.

Of course no one is affirming that the Soviet Union for some malicious reason would stop purchasing cars from Finland. However, there is reason to suppose that someday the Soviet Union will get its own rail car industry in such a condition that there will not even be any talk of a need for imported rail cars. Then a cry would be raised about there being a serious need for cutbacks at Otanmäki and Mustavaara.

Ahti Karjalainen in an interview indeed has said that Rautaruuki is also trying to sell the cars to the West.

CSO: 3107/84

ECONOMIC SLUMP SAID UNAFFECTED BY NEW GOVERNMENT'S POLICIES

Athens BUSINESS & FINANCE in English No 181, 13 Feb 82 pp 4-9

[Article by A.P.K.: "The Economic Climate Still Remains Basically Uncertain"]

[Text]

Despite the flow of words and the rhetoric that comes with it, by and large one thing has become obvious as far as the government's economic policy is concerned. Claims to the contrary notwithstanding, Pasok did not have a ready plan on how to deal with the Greek economy. Before the elections the party had adopted the position that it knew what ailed the economy and that it was ready to deal with the problems. Now, with the first hundred days long gone, it can be said with certainty that either the claim was unsubstantiated or that the information available in the pre-electoral period had not permitted Pasok to form a complete picture. There are a number of observers who subscribe to either the one or to the other theory, of course. As usual, however, the truth seems to lie somewhere in the middle. Pasok was not as ready as the electoral demands made it say that it was. And, yes, the information that it was working with appears to have been both incomplete and not absolutely accurate. On this last issue this was the fault of neither the previous government nor of the Papandreou think-tank. More to the point, over-zealous civil servants appear to have worked their own private little miracle — once again?

This explanation, however, is not enough as far as the market is concerned. It simply does not help to know that one has been misled. The result is that under the pressure of contradictory statements and an as yet indeterminate economic policy, the general level of economic activity has remained low. It is too early for figures to have been released of course, but it can be said with quite some certainty that private investment has not come out of the slump that characterised it in the last six months of 1981, while retail sales (always a good indication of the way that consumption is going) have remained pretty much round the 1981 levels, in real terms. It should be noted that for two consecutive years now, the volume of retail trade has gone down.

Overall, one of the things that has hurt the efforts to move the economy out of the slump is the lack of direction with regards to the investment framework. From the very beginning, the government treated Law 1116 as a leper. In some respects it gave the impression that it regarded the law as a give-away on the part of New Democracy, as a free-for-all for the rich.

One of the first announcements of the new government was that the law would be changed. Not surprisingly, investment activity that had picked up in the last two months leading up to the elections, suddenly died down. It has not recovered since. With nothing to put in the place of Law 1116, the government was forced to recognise that a blunder had been committed. Thus another announcement followed that

Law 1116 would be in operation until a new framework is decided upon. In the meanwhile, all other committees relevant to the decision making process had been disbanded. At the last count, the Ministry of Coordination was trying to man these committees again.

In the same vein, the announcement about the abolition of the Currency Committee created as many problems as its elimination was supposed to solve. Before long it was discovered that the Committee was silently continuing its operations, but the business climate had not been helped of course.

TAX EVASION: THE EVER PRESENT ENEMY

The measures against tax evasion were greeted with a lot of glee on the part of the pro-government press. It was as if the problem had already been solved. In the process all opposition to similar measures taken by the New Democracy Finance Minister Professor Athanassios Canellopoulos, was quietly forgotten. The main measures taken by Finance Minister Manolis Drettakis may be summarised as follows:

- * A special unit has been created where all known cases of tax evasion can be reported. All such accusations have to be signed.

- * YPEDA, i.e. the special service that tries to catch tax evaders by checking on the orderly and lawful (that is to say with the accompaniment of an invoice) transportation of goods is to be strengthened with additional manpower.

- * Tax audits on all non-salaried employees will be intensified.

- * All personnel in the Ministry of Finance will be relocated and an attempt will be made to add more employees to the regional tax offices.

- * The directors of the tax offices have been instructed to give absolute priority to the cases sent to them by YPEDA.

- * An attempt will be made to conclude 468,000 cases that are still pending, as a result of disagreements between the taxpayer and the state. Of these 468,000 cases, 190,000 concern building or land transactions, 85,000 death duties and 193,000 grants and dowries.

- * The 50 most important pending cases will be examined immediately, and to this extent tax officers have been instructed to prepare all relevant documents as well as a special report on each case.

- * Companies have been divided into three groups. Those with a gross income of up to 50 million drs. will undergo a brief tax examination. Those that have a gross income of between 50 and 100 million drs. will also suffer a brief but regular tax audit. Finally, those with gross income of over 100 million drs. will be audited carefully and, if the need arises, by a two- or three-man team.

* Medium and small size enterprises can accept, if they so wish, a process by which their profits are automatically determined on the basis of a prearranged formula.

There is, of course, absolutely no doubt that the government does want to reduce tax evasion. It is not only that it is ethically and philosophically committed to so doing. As a matter of necessity it has to get in additional income, at least if it wants to reduce the huge public sector deficit that it inherited from the New Democracy party, and to start implementing some of the social programmes that it has promised and which require quite substantial public spending. Some of the measures may be considered as correct and likely to yield some results. Thus the strengthening of YPEDA, the tax audits of the large companies and the relocation of the civil servants employed in the Ministry of Finance are all well and good. What is often forgotten, however, is that all of these measures have already been tried, but were found lacking. With the exception of the creation of the special unit where tax evaders can be denounced, all other measures had been grudgingly accepted and implemented by the previous government. For example, YPEDA was in effect created by Finance Minister A. Canellopoulos, in an attempt to overcome the rigidity (and some say corruption) of its predecessor. With a series of ministerial decisions, Canellopoulos had offered numerous incentives to expedite the solution of cases that had been pending for quite some time, thus reducing the government's tax take. Within two months of taking over the Ministry of Finance, Canellopoulos had carried out a wholesale transfer of personnel out of the central services and into the regional offices as well as vice versa. Six months later Law 820 was passed by Parliament, in spite of the rigorous objections of a large number of New Democracy deputies. As a matter of fact, then Premier Constantine Karamanlis had to intervene actively in order to prevent the resignation of Canellopoulos and to force his unruly deputies to vote for the law submitted by his Minister. It must be noted that neither the Rallis nor the Papandreou governments have really tampered with this law which to this day still remains the backbone of the fight against tax evasion in this country. And this when, at the time the law was debated in Parliament, it was attacked by both the opposition and the government deputies.

The main problems of Law 820 can be readily identified as follows: it was marginally instrumental in intensifying the building slump of 1979 and 1980. Thus an already bad situation was exacerbated by this law according to which one had to account for the origin of funds used to buy a house, apartment etc. It failed to deal with the problem of tax evasion by non-salaried employees. The large number of self-employed persons in Greece makes the problem of tax evasion extremely difficult to control. Finally, and in spite of efforts to the contrary, it could not stop the habit of tax officers to ask for bribes in exchange for a lower tax estimate. These problems continue unabated today, and it is in this respect that the measures announced by Finance Minister Drettakis also fail to hit the mark.

THE ELUSIVE TRAP

he Pasok government is in effect caught in the same trap as the New Democracy Party was. In the autumn of 1978 the government did not dare antagonise influential groups like the lawyers and the doctors. It is significant that the fight of the lawyers against one provision (subsequently dropped) of Law 820 was led by the then president of the Lawyers Federation and present Minister of Transport, Evangelos Yannopoulos. According to that provision, lawyers and doctors would be forced to issue an invoice for services rendered. This, of course, is still supposedly the case, but there is nothing in the law to enforce this article. The situation remains unchanged while what is in effect needed is a provision that would allow tax payers to subtract from their taxable income part of the cost of doctors, lawyers, plumbers, electricians etc. Unless this is done there will be no real progress in the fight against tax evasion. Of course, some income will be lost to the government. If, however, tax evasion figures quoted by government spokesmen are correct, then this is a small price to pay. But the issue is not the lack of appropriate policies rather the willingness to pay the political price that a fight against the self-employed would entail. From one point of view Pasok is even more of a "prisoner" than New Democracy, because part of the former's political base is to be found amongst the lawyers, the electricians and the plumbers that such a policy would antagonise.

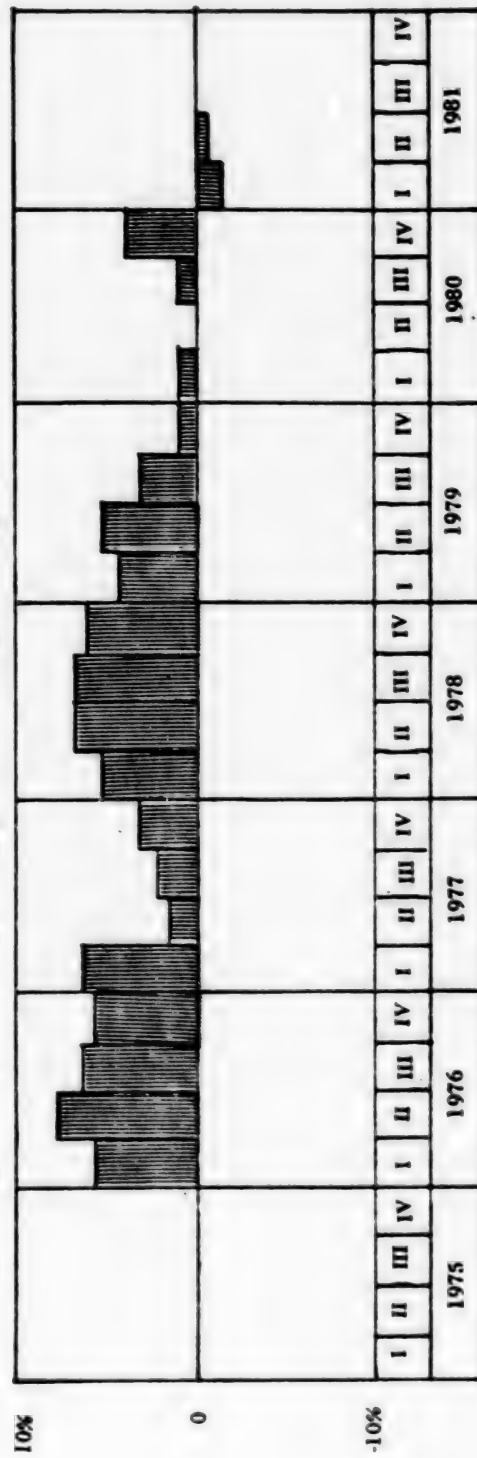
The second main problem concerns the behaviour of the tax officers. Cases of bribery abound, as most businessmen will readily admit in private. Yet no one will come forward and denounce the practice or the particular individual in public, lest other colleagues decide to take their "revenge," at some point later in time. As one unnamed businessman very aptly put it, "Do you want me to be in trouble with the taxmen for the rest of my life? I have a business to run and a family to support." Canellopoulos tried to deal with the problem in two ways. On the one hand he attempted to make the tax as "objective" as possible through the establishment of income indicators. Thus for the efficient estimation of taxable income, two income indicators were established. The first indicator was the total amount of money spent in a year by the taxpayer for the purchase, construction or acquisition of real property, cars, ships, pleasure boats, airplanes and high value mobile objects as well as the amount of loans made by tax payers to their own enterprises. The other indicator was the total amount spent, during the year, for personal living expenditures. In order to determine the total annual personal living expenditures (assumed income) for the taxpayers, the following elements were accounted for together.

- a) The annual living expenditure based on the taxable horsepower of the taxpayer's privately owned car.
- b) The annual expenditure (assumed or actually paid) for a second house, multiplied by a coefficient of two (2).
- c) The annual expenditure paid for house servants, car drivers and other assistant personnel, multiplied by a coefficient of two (2).
- d) The expenditure for private pleasure boats either owned or operated by the taxpayer (boats used in the conduct of business are excluded).

If the taxpayer or his spouse did not own a private car,

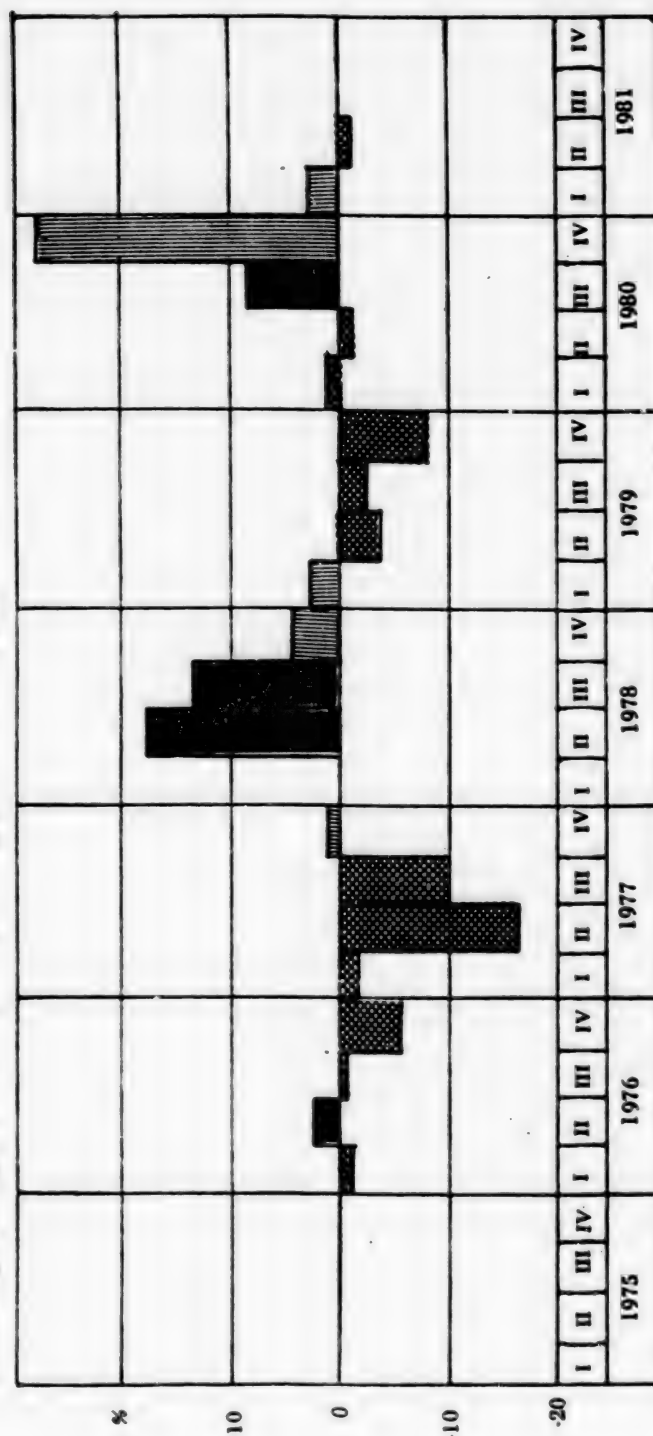
Gross domestic product
(at constant 1970 prices)

Percentage changes over the corresponding quarter of the previous year



Gross agricultural income
(at constant 1970 prices)

Percentage changes over the corresponding quarter of the previous year



the annual rent actually paid for their living accommodation was used as the basis for estimating the annual assumed income. If the taxpayer lived in his own house, the amount of assumed income was that amount which was in excess of a standard rental allowance. In most cases, the actual rent, or the "estimated rent in excess," was multiplied by certain coefficients which ranged according to the rental amount.

The indicator, used for the assessment of the assumed personal living expenditures was applied, for taxation purposes, to the assumed income without giving the taxpayer the opportunity to negotiate the level of income that resulted in this way. The taxpayer, however, had the right to justify the difference between his declared income and the estimated (assumed) income. The tax allowances which were deducted from this calculated difference were:

- a) Income earned by the taxpayer, his spouse, and their children in previous tax years and not subject to further taxation by any tax law.
- b) Revenues collected and spent from the sale of capital which had been taxed in the past years, or had been classified as tax free
- c) Revenues collected from the sale of property.
- d) Imported foreign exchange holdings that are not required to be on deposit with the Bank of Greece
- e) The value of gifts or donations given by the taxpayer.

One thing that was never fully appreciated was that in this way the tax payer himself was protected, since the income that was determined on the basis of the tax indicators had to be accepted by the tax officer. In other words there was no margin for give and take which is exactly where the possibility for the Libe occurred.

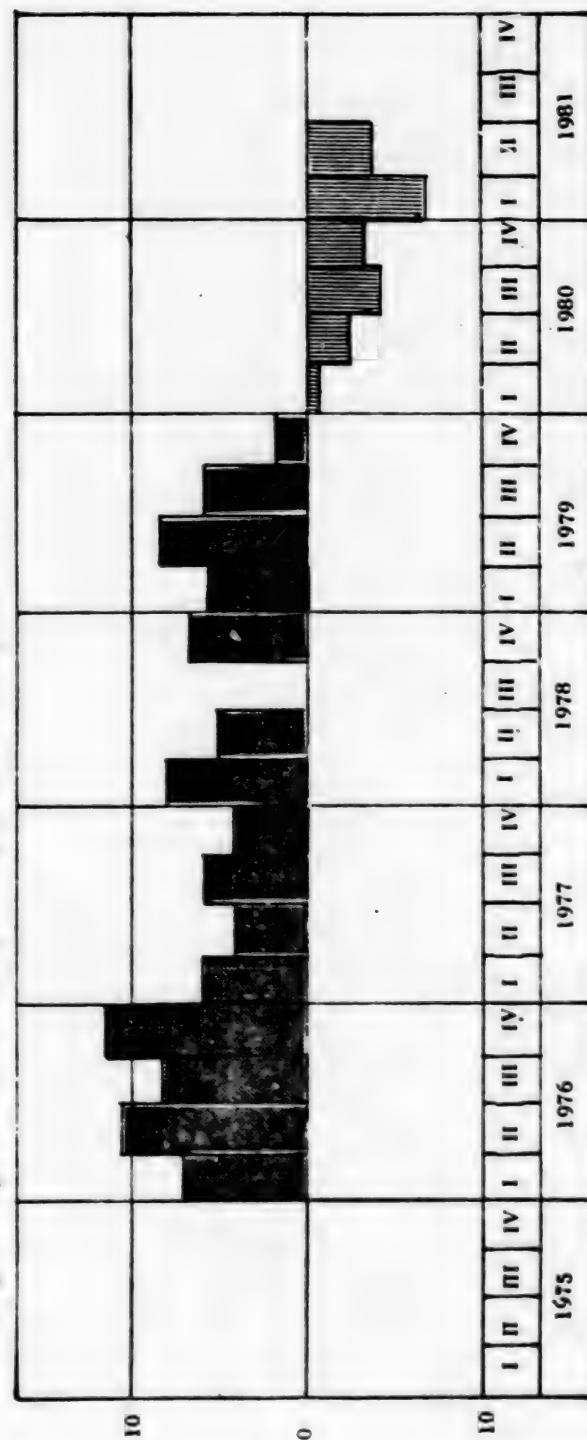
The second way used by Canellopoulos was the announcement that all tax officers would be forced to account for the origin of all their funds, on the basis of the capital (i.e. houses, apartments, cars, boats, jewellery etc.) that they had acquired. This provision never became law and as a Ministerial decision it was never implemented. The present Minister of Finance has also left this second glaring loophole wide open. As far as the income indicators are concerned, it is rumoured that they are on their way out, especially after the hatchet job carried out by ex-minister Miltiades Evert. It is a fact, however, that bribery will not be eliminated unless the famous "pothen cashes" is strigently applied to all tax officers.

PRICE CONTROLS: THE LAST RESORT?

The announcement on the control of prices provides another example of the kind of problems that the government is faced with. It is committed to the control of inflation and on political and philosophical grounds it wants to do this, through price controls. At the same time, however, the position of its own advisers is that such a step would lead to a wide upheaval in the market, especially through the further expansion of black-markets. As a result, only five basic categories of goods were brought under the price control umbrella, namely baby foods, sportswear and

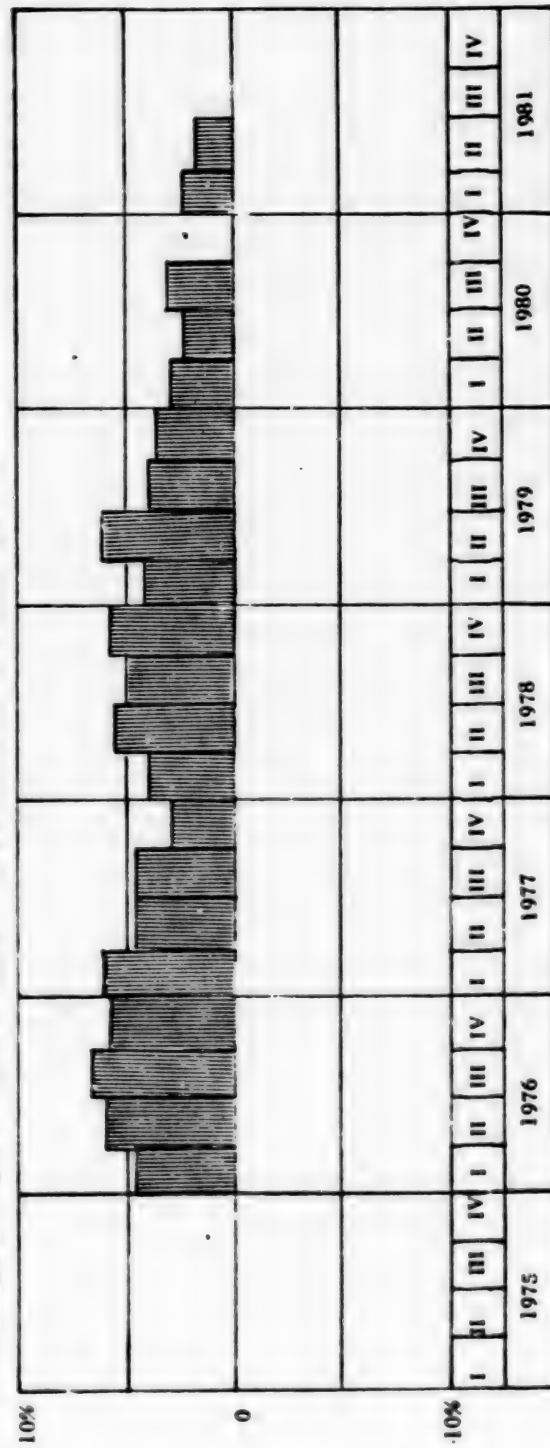
Gross income of industry
(at constant 1970 prices)

Percentage changes over the corresponding quarter of the previous year



Gross income from services
(at constant 1970 prices)

Percentage changes over the corresponding quarter of the previous year



sporting equipment, heating units, detergents and soaps. More significantly yet, the Minister of Commerce Nikos Akritidis ordered that the price of all medication be reduced to the levels prevailing on October 5, 1981. It appears that the latest round of price rises was not justified, especially if one is to judge from the profits that some of the pharmaceutical companies seem to have accumulated.

In another step, that may be considered as equally important if for nothing other than the ominous threatening signs it carries, the Minister has asked the producers of 55 different categories of commodities to submit to his ministry detailed price lists which should contain:

- * prices without turnover tax and stamp duty
- * rebates that are usually offered
- * prices as of Dec. 31, 1981
- * rebates that were offered on those prices

Price lists will be accompanied by detailed costs which should include:

- * for domestically produced commodities, the expenditure necessary for production
- * for imports, all elements that make up their cost.

It is the intention of the government to try to implement price controls at the industry rather than at the retail trade level. Not a few observers would, alternatively, support the idea that price controls, especially in a country like Greece, become more effective and more difficult to avoid or circumvent if they are applied at the raw material level.

Overall, the problems faced by the new government are not that different from those that the New Democracy party had to deal with. Also, up to now, the basic instruments that have so far been adopted do not differ from those used by a right wing government. For the moment at least, the situation should not be expected to change to any significant degree. However, the introduction of the budget promises to be a crucial watershed. Because, unlike the situation till today, where the government has been able to fudge some issues and postpone the decisions on others, with the budget it will have to commit itself to policies that will have to be followed for eight months at the very least.

WERNER ON RENEGOTIATING MONETARY TIES WITH BELGIUM

Brussels LA LIBRE BELGIQUE in French 23 Feb 82 p 1

[Interview by A. Sl. with Prime Minister Pierre Werner: "Mr Werner to LA LIBRE BELGIQUE: Luxembourg Will Renegotiate Its Agreements with Brussels"]

[Text] Finally, the Grand Duchy of Luxembourg has agreed to follow Belgium in its 8.5-percent devaluation, but unwillingly, and swearing that it would not be taken that way again. Moreover, the Luxembourgers consider that they have been treated in a more than cavalier fashion by our government. Their minister of finance has said he is "consternated and vexed" by the operation and the process, and Pierre Werner, prime minister and head of the grand-ducal government, has confirmed this bad humor to us, as will be seen below, and has announced the imminent opening of negotiations aimed at amending the monetary agreements existing between Belgium and Luxembourg, so as to increase the part played by the latter in taking the monetary and financial decisions of our economic union, within which the Grand Duchy is visibly aspiring to finally play a role, justified by its better economic health, as a full partner.

[Question] Do you share the discontent of certain of your ministers regarding the way that the devaluation of the franc has been "imposed" on you?

[Answer] The information came too late for there to be a way to argue about it. For us, it is extremely frustrating. This devaluation seemed inopportune to us, in view of the situation of the grand-ducal economy. But since we form an economic and financial union, we wanted to facilitate things this time: that is why we finally accepted the 8.5-percent devaluation. But we drew from it the conclusion that certain complements should be added to the Belgian-Luxembourger monetary arrangements, arrangements that naturally are still compatible with a monetary union.

[Question] Would ~~you~~ desire to strengthen your representation in the Banque Nationale de Belgique (BNB)?

[Answer] Do you really believe, after the recent events, that it is very useful to be "well-represented" in the BNB?

No, you see, the monetary situation is the result of an economic, budgetary, etc, policy, an overall policy that recoiled on the money situation. We therefore want to strengthen Luxembourg's position somewhat as regards the policies that may have an influence on the monetary situation and that we do not have a grip on at the moment.

[Question] Are your negotiations therefore aimed at keeping the situation we have just experienced from occurring again?

[Answer] It is this: it is the future that we are thinking of, and we are going to enter into a discussion with the Belgian government to see how one might "adjust fire." There are certain rules of information and behavior that certainly have to be improved.

[Question] If, unfortunately, further devaluations proved necessary for the Belgian franc, would the Luxembourg franc be able to recovering its freedom of action?

[Answer] There is always the possibility, as in 1935, of having different parities. Anything is possible, but it would depend on the state of the economy on both sides. In our opinion, we should not dally; the negotiations with the Belgian government should begin rapidly.

[Question] Will Luxembourg really derive no advantage from our devaluation, notably as regards its steel industry?

[Answer] A very slight advantage at most. We import our raw materials, and the prices and production of steel are subject to allocation in Europe.

A definitive accounting cannot be made yet. I hope that this is not going to make the steel industry's situation even more difficult.

Perhaps this will lead to a slight improvement, but not in the order of magnitude that one generally expects from a devaluation.

11267

CSO: 3100/401

'ANATOLIA' REPORTS OZAL IMPRESSIONS OF IRANIAN VISIT

TA110844 Ankara ANATOLIA in English 0820 GMT 11 Mar 82

[Text] Ankara, 10 Mar (AA)--Deputy Prime Minister Turgut Ozal who is also state minister wound up a 5-day official visit to Iran Wednesday and returned home. His talks with Iranian officials proved very fruitful, Ozal said, adding that bilateral relations would be developed in all fields.

Volume of bilateral trade which was \$238 million last year would reach \$1 billion this year with the new contracts concluded in Iran during the visit and amounting to \$400 million, Ozal underlined. The two sides also agreed in principle to deliver Iranian gas to Europe through pipelines across Turkey.

The Turkish delegation included nearly 100 Turkish industrialists and traders and the talks were quite extensive, Ozal said, adding that they observed that "the existing government and regime in Iran have overcome the problems and becoming settled. They have surpassed our expectations in organizing the meetings between Turkish businessmen and Iranian officials."

"During our stay in Iran, we signed a number of protocols covering trade, economic relations, banking activities, industry, communications and transportation. We increased the volume of trade by merging into a single account good exchanges between the two countries. We will purchase some 4 million tons of Iranian oil, maybe even more, depending on Iran's relations with other countries. Contracts were made to export to Iran 250,000 tons of wheat, 300,000 tons of barley, 300,000 tons of sugar and 25,000 tons of meat along with various kinds of margarine and cheese produced by the private sector."

CSO: 4600/316

PAPER SEES PLEBESCITE REJECTING EC AS 'STEP TOWARD WEST'

Godthaab GRONLANDSPOSTEN in Danish 24 Feb 82 p 2

[Editorial]

[Text] The people of Greenland have spoken. They rejected EC but the results were not very conclusive. The 52 percent vote against was not a large majority and perhaps not big enough to form the basis for a decision on withdrawal.

But if a no is regarded as a no--regardless of how small it is--this was a decision that will have far-reaching consequences. It also involves the national community. A no to Europe is the first step away from Denmark.

It is a step toward the West. Future cooperation will undoubtedly involve more and more our neighbors in the West, where our kinsmen live.

The decision was not surprising. Who does not want to rule in his own house? Now the government will have the power to make decisions on fishing resources. There will be no more talk of pirate fishing. Now we can profit from issuing licenses.

The prior debate was very reminiscent of the situation in Greenland 50 years ago when two gentlemen with widely different viewpoints went hunting for souls with great energy.

Now we will see who was speaking the truth.

According to ANISA [anti-EC movement], withdrawal would provide other advantages in addition to greater political independence. ANISA called on voters to give themselves an opportunity to raise their living standard. Withdrawal would mean cheaper goods and an increase in real wages.

Furthermore the ANISA politicians guaranteed us no increases in taxes and customs duties.

Now we are very keyed up about the effects of withdrawal. And God grant that we never wake up to a weekday when the illusions are gone and we find

out too late that the way to an independent Greenland has become much longer and far more difficult than it was before 23 February.

A big responsibility now rests on the shoulders of ANISA.

6578

CSO: 3106/78

MANFRED ROMMEL PRAISED FOR TOLERANCE, COURAGE AS MAYOR

Zurich NEUE ZUERCHER ZEITUNG in German 4 Mar 82 p 5

[Article by "hh": "Stuttgart Lord Mayor Manfred Rommel—A Liberal CDU Politician"]

[Text] People at the Deutsche Verlagsanstalt publishing house in Stuttgart are amazed. A book they thought would only be of regional interest has been on the best seller list for weeks, topping other collections of political speeches by far. The book is Manfred Rommel's "Farewell to Fool's Paradise." The 45,000 copies sold in just a few months are proof of the fact that the reading public appreciates the quality of the writing. Rommel's prose is clever, witty and readable—witness his opening speech at a trade fair for sliding shutters which he turns into a superlative piece of writing. But the surprising popularity of the book and the fact that it became a best seller far from Stuttgart in the north of the FRG are a clear indication that Manfred Rommel has long since outgrown the mere lord mayorship of a big city in the public's eyes. His having received the Theodor Heuss medal as well as the carnival "order to do away with beastly seriousness" are additional signs that Rommel is not just a local hero any more.

Not Just a Local Hero

After just 7 years in office as lord mayor, most West Germans no longer think of his father, the most popular German general of the last war, when they hear the name Rommel mentioned but of him. There were two events that contributed to this most of all. When Klaus Peymann, the director of the Stuttgart theater, was under attack in the fall of 1977 when he tacked an appeal for money to pay for dental work for the imprisoned terrorists on the state theater's bulletin board, Rommel tried to defend him against some members of his own party. Peymann, he said, was sincere, if somewhat awkward. And then he added this important statement: an artist, he said, is entitled to greater freedom than a run-of-the-mill public servant because it is the province of art to expand consciousness. If everyone who has left leanings is accused of being a terrorist sympathizer, that simply is playing the terrorists' game. At the time, those were extremely courageous words.

But it was perhaps even more courageous of Rommel to decide less than a year later without hesitating for a moment that the three terrorists who had committed suicide at Stammheim should jointly be buried in a regular Stuttgart

cemetery. "In the face of death, all enmity must cease," he told all those who feared that this would create a pilgrimage site for enemies of the state.

Independence, Imperturbability, Tolerance

In Rommel's case, one runs into examples of personal tolerance and political morality over and over again. Most recently, he made headlines by advocating higher income taxes for top earners—contrary to official CDU policy. One could not expect the man-in-the-street to make sacrifices, he said, unless the upper classes were not spared, either. By saying things like that, of course, Rommel gets more support among social democrats and the trade unions than among his own CDU. But he does not mind—which is part of the independence a popularly elected lord mayor in Baden-Wuerttemberg happens to enjoy.

But the roots of Rommel's equanimity go deeper, far beyond the office he now holds. Born in 1928, he was a witness to his father's spectacular rise while still a child and a witness, at age 15, to his involuntary suicide. Working all this out, acquiring a personality of his own and emerging from his father's shadow has been Manfred Rommel's greatest achievement in life from which he now draws his calmness and toleration. There was no indication, however, that he would one day be drawn into the limelight. After completing his legal studies, Rommel entered the civil service in Stuttgart, rising fast in a little over 10 years from senior administrative officer to state secretary and deputy to the finance minister. But it was a career that unfolded in the background. Without coming to the fore himself, he mostly did staff work for the Baden-Wuerttemberg Land government. "The names of general staff officers are unknown"—that saying applied to Manfred Rommel.

But it did not remain a secret that it was he who steered both the CDU and minister president Filbinger gently and decisively toward a reform line in 1970 when the then SPD interior minister Walter Krause worked out a plan for administrative reform which was generally thought to be a major achievement at the time. It was Rommel who made it possible for the CDU to agree in spite of its inclination toward inertia. Rommel also saw to it that the Land was given a medium-term fiscal guideline. As one re-reads the "general plan" Rommel prepared for Filbinger in 1972, one is amazed at the clarity of the predictions he made then. He could see even then what the consequences of expanding the bureaucracy would be. He warned in plenty of time against turning out too many teachers long before unemployed teachers started walking the streets and he could see ahead to the catastrophic results of the rise in the public debt. After he was moved to the finance ministry, it quickly became clear that Rommel was acting as a kind of "liberal conscience" for Filbinger and his entourage.

Then, in August 1978—with Rommel already in office for 3 years as lord mayor of Stuttgart following a brilliant election victory—the CDU asked him to compete for Filbinger's job in a contest with Lothar Spaeth, the long-time chairman of the Landtag fraction and then interior minister. Rommel went down to

painful defeat: the CDU Landtag fraction decided in Spaeth's favor. For the deputies, he was not only one of them; he also named more deputies as state secretaries than any of his predecessors. As for Rommel, who is certainly not without ambition, he has gotten over the debacle in the meantime. He has settled into the lord mayorship—even psychologically—so that one may believe him when he says he has no further career plans. But is he really completely satisfied with his purely ceremonial job of president of the league of German cities to give him national and international exposure? The decision is not Manfred Rommel's alone. The CDU asks itself whether it wants to leave one of its best men in the provinces because he does not view the party line as his personal guiding principle at all times. One thing is certain: Rommel will run for reelection in Stuttgart in the fall. It is a foregone conclusion that he will win. But perhaps the election result will show just how popular a politician of this kind is among middle-class and liberal voters.

9478

CSO: 3103/324

BJORKLUND: INDEPENDENT SKDL MAY EMERGE FROM CP FIGHT

Helsinki UUSI SUOMI in Finnish 6 Feb 82 p 2

[Article: "Independent SKDL Is Possible"]

[Text] SKDL [Finnish Peoples Democratic League] MF Ilkka-Christian Bjorklund considers it possible that the conflicts in the Finnish Communist Party will drive the SKDL's Socialists into a more independent position.

In spite of this, Bjorklund, however, hopes that the SKP [Finnish Communist Party] can remain as a member organization of the SKDL.

Recently, the Socialists have come to the conclusion at their meetings that the SKDL should be able to carry out a policy more independent from the SKP, states Bjorklund.

The SKP's Bjorklund considers that the party is in a situation which will either result in a split or in a some kind of a conciliation, which could lead the party in a more conservative direction.

"Since the SDP is, on the other hand, moving in a more nonideological direction as a result of Mauno Koivisto's success, there is now a political vacuum which an independent SKDL could naturally fill."

In Bjorklund's opinion the SKDL could find living space between the SDP and the SKP.

The supporters of the SKDL are not drawn to the nonpolitical nature of the SDP.

"If the red color in the SDP becomes watered down, the leftwing in the Social Democratic Party will begin to feel an attraction toward the SKDL."

"However, a more independent SKDL does not necessarily mean a split from the SKP," emphasizes Bjorklund.

"In my opinion it is realistic that the SKP -- regardless of what happens to it -- is and will remain a member organization of the SKDL. But in spite of this, the SKDL can practice a policy that identifies less with the SKP."

Organization to be Made More Effective

According to Bjorklund the strengthening of the SKDL's position presupposes a more effective organization on the part of the Socialists. At the present time the organization of Socialists is primarily for the purpose of maintaining communication.

"Also the SKDL's members and leaders should be prepared to act more forcefully on behalf of policies," he demands.

Bjorklund states that there are many Communists who want to support a more independent line.

"In the SKDL there are many individuals who are members of the SKP, but who still have been more active in the SKDL."

Conflict Coming Closer

In Bjorklund's opinion the meeting of the SKP Central Committee beginning today will have two alternatives.

"Either an attempt will be made at reconciliation or the party will be headed for a final split."

Bjorklund considers the latter possibility to be more probable. However, he predicts that this conflict will not occur at this time.

"If the meeting is not able to make any decisions now, it is with that much more racket that the Communists will approach the SKP's extraordinary congress," he warns.

"If the Central Committee is not able to resolve the situation, the need for the Socialists to consider how the SKDL can be saved will increase."

10576

CSO: 3107/71

STALINIST ORGAN URGES CONTINUED EFFORTS TO PREVENT CP SPLIT

Helsinki TIEDONANTAJA in Finnish 9 Feb 82 p 2

[Editorial: "Finnish Communist Party Avoided Split"]

[Text] The full session of the Central Committee, which has been described as a fateful meeting for the SKP [Finnish Communist Party], assembled on Saturday and Sunday. Everyone knows the results. An assessment of the results is already more difficult, and the final result will not be known until after the 15th of May. The SKP's extraordinary congress will have been held by that time.

This meeting of the Central Committee emphasized decisions according to which a certain number of Politburo members would first be purged, after which an extraordinary congress would be convened for changing the Central Committee and the nature of the party. However, the meeting did not succeed in purging anyone.

The fact that no one was purged in the Central Committee is definitely a positive result against efforts to split the party. Purges would have meant the party's movement toward a final split. Saying no to purges thus turned out to be the correct decision, which mobilized hundreds and thousands of party members and friends toward a decisive movement on behalf of party unity. It was an especially positive decision since its intent was to keep the SKP intact.

Behind this decision were the SKP's best forces, those who are consistently behind the policy line of the 19th Congress. These forces are made up of different ways of thinking and they were united by the unity of the SKP ranks.

In this sense the meeting of the Central Committee should be considered as a positive event in a series of SKP difficulties.

The principal results and atmosphere of the meeting were reassuring even if they occurred under a threat of revenge. The discussion in the Central Committee was mainly to the point. Indeed, this was disturbed by completely unjustified demands for purges, which did not contain one single concrete fact and which were based more on incitement than relevant consideration. Hopefully, the peaceful and relevant side of the discussion will cause all the members of the Central Committee to think about the beneficial and purposeful aspects of a relevant discussion in the future.

Thus purges have been prevented in this phase. The party is now faced with demanding efforts to prevent a split at the extraordinary congress. This is possible by placing emphasis on the execution of the policies of the 19th Congress and on a unified appearance of the party in all issues concerning policy as well as on efforts to prevent demands for purges aimed at changing the nature of the party and splitting it. Nothing will be resolved with purges even in the future. A change of policy is the answer.

10576

CSO: 3107/71

MODERATE WING CP ORGAN: CP MUST BUILD OR BREAK UP

Helsinki KANSAN UUTISET in Finnish 9 Feb 82 p 2

[Editorial: "Finnish Communist Party Headed for Spring"]

[Text] The meeting of the SKP [Finnish Communist Party] Central Committee held on Saturday and Sunday was able to make only one important decision: a unanimous call for the convening of an extraordinary congress in May. In addition, a party conference and numerous district level negotiations and seminars will be held in March. Thus there is 3 months time to either build or split the party. The majority of party members and friends is, indeed, for building the party. Even Chairman Aarne Saarinen confirmed that the attempts to restore unity at the meeting of the Central Committee represent a positive direction.

Discussions and negotiations are always beneficial if they have a definite goal, the goal of unity. Thus even now there is a possibility of constructive work to mend the broken ties and accomplish a reconciliation in accordance with the party's regulations and practice in discussions, negotiations, and practical party work prior to the extraordinary congress. Without this attempt at unity and without honoring the party rules the discussions will become bogged down in mutual accusations or in the same issues that have continued for 16 years already.

This meeting of the Central Committee is asking the extraordinary congress to define a new, self-determined, and independent policy on the basis of the decisions of the 19th Congress. It is hoped that emphasis will be placed on a struggle to be waged on behalf of peace, work, and a secure livelihood as well as on the expansion of democracy. The Central Committee, for its part, will initiate an extensive organization-wide discussion within the framework of these goals. The selection of the Central Committee will also be determined at the extraordinary congress.

There are 3 months until the extraordinary congress, which ~~begins~~ on 14 May. This is a short time, but sufficient time for each party member to express his desire and ability to act on behalf of unity, honor the regulations, build cooperation, and conclude fraternal ties. People have turned their hopes toward the party leadership at the center- as well as the district organizational level.

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CONSERVATIVE LEADERS EXPLAIN ROLE IN CONTINUED OPPOSITION

Helsinki HELSINGIN SANOMAT in Finnish 12 Feb 82 p 12

[Article: "Staying in Opposition Represents Political Reality"]

[Text] The Conservative Party is striving to enter the government after the next parliamentary elections. The postponement of participation in the government was explained by Chairman Ilkka Suominen at a joint meeting of the Conservative Party's Executive Committee and the parliamentary faction on Thursday. According to Suominen continued opposition is the result of political realities.

Chairman Suominen and Party Secretary Jussi Isotalo adopted a stand on the government question immediately after the presidential elections and decided that the Conservative Party will not become a party to extending the term of the present government. In their opinion the present government base should function until the end of the election period.

After 15 years in opposition the opinions of the party leadership aroused amazement in the Conservative Party also. Ilkka Suominen explained Thursday's statements as misunderstandings.

According to Suominen the Conservative Party has not rejected government responsibility or government negotiations. Suominen explained that it is a question of the will of the new president and the present ruling parties to retain the present government base until the next parliamentary elections.

"The situation has been confirmed as a political reality in the Conservative Party. This is the will of the parliamentary majority, which will leave the Conservative Party in opposition until the end of this election period," stated Suominen.

Suominen urged the parties to negotiate the manner of electing a president. The Conservative Party has proposed a referendum and a limit to two terms. However, it seems that interest in a discussion of the method of electing a president has waned since the elections, estimated Suominen.

Suominen also warned the Center Party against trusting in the support of the Conservative Party. According to him the Conservative Party cannot bind itself to all those conservative points of view "which are being promoted ever more increasingly in Finland by small rightwing parties and the Center Party, which is anchored in its own conservatism".

Chairman Pentti Sillantaus of the Conservative Party's parliamentary faction also railed against the Center Party. According to Sillantaus "the Center Party's departure alone into leftwing cooperation means that the superior ruling partner, the SDP, will damage them politically more than before".

"This also means that the bourgeoisie, which is in opposition, will not be giving political support to their activities in the government's minority," stated Sillantaus.

Sillantaus revealed the Conservative Party's discontent with the Center Party, which did not maintain ties with the Conservative Party, but excluded the Conservative Party from government- and chairmanship plans.

Sillantaus even considered the Center Party's talk about assembling bourgeois forces as only an attempt to pull the wool over everyone's eyes.

"If the Center Party does not in fact have a desire to cooperate with the rightwing parties, the alternative is to begin building without it," stated Sillantaus.

According to Sillantaus the nonsocialist parties remaining in opposition must create a closer cooperation during this election period.

MP Juhani Laitinen proposed that Chairman Suominen answer four questions. The questions concern possible conflicts in the party leadership and the parliamentary faction and the selection of individuals to the parliamentary faction.

Laitinen wanted to know whether the party leadership felt it had been defeated when the parliamentary faction replaced Ilkka Kanerva with Erkki Pystynen in the faction's working committee and whether Suominen feels that the faction is sliding to the right.

Suominen, who adopted Koivisto's style of answering, considered the questions to be incorrectly posed. In his opinion indifferent answers can give the impression of a quarrel.

According to Suominen the overall line of the party leadership and the parliamentary faction is the same, but individuals in the party's various organs may emphasize different issues.

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PSF THIRD-WORLD POLICY: NEW ECONOMIC, INTERNATIONAL, ORDER

Paris POLITIQUE ETRANGERE in French 4 Dec 81 pp 875-889

[Article by Jean Touscoz, professor of international law, former president of University of Nice: "The French Socialist Party and Cooperation With the Third World"; passages enclosed in slantlines printed in italics]

[Text] "The world's political and economic equilibrium will depend on the place that will be given to Third World peoples in the organization of the planet. The future of old industrialized nations will be determined by the kind of relations they can establish with the vital elements now coming to the fore"¹: This phrase, selected from many other similar ones, shows that the French Socialist Party attributes a fundamental importance to the relations of France and the Third World.

Six months after the French Socialist Party's electoral success, it is interesting to analyze that party's doctrine in the field of cooperation with Third World countries. In the next few years France's policy will surely be strongly influenced by that doctrine, which was gradually developed while the Socialist Party was in the opposition and has been clarified since the last presidential and legislative elections. French Socialist Party doctrine in the field of cooperation with the Third World² is made up, /in the narrow sense,/ by the whole body of principles, analyses, and interpretations expressed in the party's statutory bodies³ which tend to orient French policy in this area. /In the broad sense,/ this doctrine is also expressed in certain internal documents⁴ and in the party's official or quasi-official publications,⁵ in the publications of "theoreticians," leaders, and elected representatives of the party,⁶ in electoral platforms,⁷ and, finally, in the public positions taken by the persons currently responsible for this policy since the elections.⁸

A detailed analysis of this doctrine (which this short article does not claim to carry out) should show its evolution, which is linked to that of the party itself (former SFIO [French Socialist Party], Convention of Republican institutions, Federation of the democratic and socialist Left, new Socialist Party)⁹ and its various expressions by the principal "currents" of the party (the currents of Mauroy and Rocard, CERES [Center for [Socialist] Studies, Research, and Education], etc.). Even a brief analysis of available sources makes it possible to assert that there is a French Socialist Party doctrine in the field of cooperation with the Third World. In setting forth the basic theoretical

elements and the practical consequences of this doctrine, we shall inquire into its coherence and its practicability.¹⁰

Bases of the French Socialist Party's Doctrine in the Area of Cooperation With the Third World

This doctrine obviously is an integral part of the party's global doctrine. A part of the doctrine of French socialism, it is distinguished as a rule from the "models" that the French Socialist intelligentsia has referred to 30 years, in order to dissociate itself from them, be they Soviet, Yugoslav, Israeli, Swedish, Austrian, Chinese, Cuban, Vietnamese, Algerian, etc. It is at the same time an aspect of the party's foreign relations doctrine and an extension of its domestic policy. Like the whole of the party's doctrine, it has elements that are at the same time political, economic, and ethical.

The Political Bases

The first basis of this socialist doctrine is obviously the assertion of /a break with the capitalist system./ "We set our action within the concept of a break whose coherence forbids the setting aside of its individual elements, or the adjustment of the plan of action to the accident of circumstances," declares PROJET SOCIALIST, beginning with the introduction;¹¹ and farther on it declares, "Hunger and poverty will only be conquered by development while changing the current international economic system--the capitalist order based on the exploitation and the domination of hundreds of millions of human beings --into a new international order based on the independence of peoples and their cooperation."¹²

The subject of break poses two principal questions in the area of concern to us:

The first, more theoretical, consists of asking oneself if this break is the result of an objective finding or the fruit of a deliberate will. In other terms, does the break result from a "scientific" analysis (of the Marxian type) of the crisis of capitalism (whose imperialism and its various expressions would be the ultimate phase) or of a deliberate will, based on value judgments (the inability of capitalist to solve the problems of development)? On that question, which amounts to asking oneself if the Socialist Party's doctrine is "objectivist" or "voluntarist," it appears that Socialists are divided. For some, the "break" is the result of a lucid analysis; it anticipates an early and inevitable collapse of a certain type of relations. For others, it is an aim to achieve through putting a will for change into effect.¹³

The second, more practical, question is that of the transition period. The party seems ready not to call immediately and bluntly into question the major lines of the former policy¹⁴ while hoping that certain modifications will be made, beginning at once. But to establish a balance between these two attitudes, and the chronology of the steps to be taken, is not set forth as a doctrine.¹⁵ In practice the French Socialist Party and the new French Government seem to be adopting a foreign policy characterized by a global alignment with the Western camp and its center, the United States; except, precisely, where relations with the Third World are concerned. Will other, more radical "breaks" follow? Only the facts will provide an answer to that question.

The second basis is /internationalism./ This "new internationalism," which has its roots in the origins of the socialist movement (and which is concretely expressed today in the Socialist Internationale), is defined with a certain clarity in party texts (and most recently by the Valence Congress). It is not a question of "European-centrism" (Europe should not suggest itself as an exportable model); nor is it a question of "worldism" (such as the former chief of state's, since "confronting it with the solidarity of exploited classes, of peoples who are oppressed, dominated, indeed even excluded from today's world, the new internationalism is being constructed against the world bourgeoisie's cosmopolitanism, and above all, against the imperialist enterprises"; nor is it a question of "Third Worldism" (which until even recently was a refusal to face the socialist transformations in our own society...). Rather, it is a question of a "class choice against exploitation and inequality."

This new internationalism does not seem to us to have a very clear theoretical basis in the French Socialist Party's doctrines. It is based on class solidarity (in the Marxist sense),¹⁶ on people's solidarity ("oppressed," "progressive"),¹⁷ on the solidarity of socialist parties?¹⁸ Is it not rather a utopian internationalism "leaving to each the choice of its type of self-centered development ... (leading)... to worldwide emancipation"?¹⁹ May an internationalist jurist be permitted to recall that the concept of sovereignty, although anachronistic and ambivalent, is very strong in the contemporary world. Action on behalf of the emancipation of peoples often leads more to the enhancing and socialization of sovereignties than to their decline. Internationalism should be juridically and institutionally organized, beginning with sovereignties; otherwise, it is only an idealistic slogan.²⁰

The Economic Bases

Socialist doctrine parts from both the liberal and Marxist currents. It does not accept the virtues of international free exchange of products and capital, and condemns the evils of a spontaneous international division of labor; but neither does it come down to a criticism of the exploitation of labor by private capital, of monopolization, of imperialism, of surpluses, etc. Wishing to be more modern, this doctrine is rather close to the theories of "dependency" according to which the countries on the "periphery" tend to be dominated by the "center" which imposes on them a (pseudo) development that is uneven, keyed to outside influences, and destabilizing. Nevertheless, socialists themselves have contributed to criticism of these theories which moreover do not seem to correspond to their vision of the contemporary international world.²¹ In fact socialist doctrine seems rather close to both the doctrines of national independence (according to socialists, conflicts which arise between certain private interests--foreign--and certain national interests justify national and international corrective measures) and of a worldwide-scale Keynesianism (although the term is not used in the party's official texts).²² One might wonder if the current international institutions, divided as they are, provide an adequate juridical framework for putting such a project into effect. Hence, socialist doctrines cannot easily be reduced to a well-defined economic school on the question of relations with the Third World. True, this complexity and this novelty are not weaknesses by themselves (taking into account, furthermore, current uncertainties in economic theory). However, it does make it necessary for there to be an effort of theoretical study within the party.

Ethical Bases

To tell the truth these are the most obvious bases of the doctrine, those on which unanimity among socialists are most easily reached.

The party's generosity to the Third World, its great sensitivity in this field, are too evident to require emphasis.²³ The party's principal objective is the effective realization of human rights, not only civil and political, but also economic and social. On the internal level as well as the international level solidarity is the main word in party doctrine. F. Mitterrand's monumental statement when he took office²⁴ "France must firmly state that there can be no genuine international community so long as two-thirds of the planet continue to exchange their men and their goods against hunger and scorn," well expresses socialist sensitivity in this field. International development law, to whose construction socialists wish to contribute, no doubt has a moral basis.²⁵ But a party doctrine cannot only be perceived at the level of its bases. It also involves simultaneously more concrete measures, directed toward action, intended to orient the acts of public authorities, whose examination permits a better appraisal of its practical significance.

The Significance of the French Socialist Party's Doctrine as Regards Cooperation With the Third World

Party doctrine revolves around two major themes: building a new international order and establishing new bilateral relations with developing countries.

Building a New International Order

The French Socialist Party wishes France to play an active role in defining and putting into operation a new international order. For the party, this "order" should not be bipolar (East-West) and problems of relations between "North" and "South" should not be brought into the East-West conflict.²⁶ Numerous party theoreticians are quite readily studying the various aspects of a multipolar world²⁷ without the expression's being used in official party documents. This finely shaded and intuitive perception of a pluralist world falls within the province of cultural more than political analyses. It matches the attraction French socialists feel for all forms of pluralism and decentralization. But it is not readily compatible with their desire to contribute to the universal advent of socialism, nor their concern to consider the Third World as a homogeneous and unified whole, bearer of common demands. The new international order, for which France "will be a tireless advocate,"²⁸ must be based on a concerted planning of development.

For the present the Socialist Party hopes that France will contribute to reform of the rules of operation of certain universal institutions (IMF, World Bank, GATT) and to the evolution of the economic doctrines, which they consider too liberal, on which their action is based. At the same time the party hopes to assist in the strengthening of international institutions (particularly the UN and its specialized agencies) and increase the resources at their disposal (the portion concerning multilateral assistance should increase.) It also hopes for France to collaborate in the definitive setting up of a

world stabilization fund for raw materials prices (an integrated program of UNCTAD [UN Conference on Trade and Development]) and the coming into force of commodity accords. It also wishes for France to contribute to a reform of the international monetary system.²⁹ More generally the party favors regional agreements between Third World countries, "South-South" cooperation, and the idea of "trialogue" launched by V. Giscard d'Estaing.³⁰

Finally, the party is very suspicious of transnational companies. This attitude is the expression of an instinctive rejection of too-powerful bodies likely to prevent the exercise of counter-power (trade unions, in particular) and who lend themselves poorly to the practice of self-management. Moreover, the party considers transnational companies as pernicious forms of international capitalism. In all fields, and particularly in the cooperation with the Third World, the party states it favors small and medium enterprises.³¹ However, party doctrine is not very clear in this field. It will be interesting to examine its attitude toward French transnational companies in relation to nationalization policy³² and to analyze its attitude toward the draft international codes relating to transnational companies and transfers of technology. Party experts are not unaware of the imperatives of the contemporary international economy, nor the potential it offers, for a growing number of products and activities, to optimise results by acting on a world-market scale, without, for all that, neglecting the development priorities fixed by the host country governments. Consequently party doctrine will probably be qualified when it becomes clearer.³³ But without waiting for attainment of the global evolution of the international order they hope for, the party proposes that France renew its bilateral relations with Third World countries.

Establishment of New Bilateral Relations Between France and the Third World Countries

Party doctrine provides bases for a reply to two principal questions which arise in this field: with whom, and how, to cooperate?

On the first point, the party tends toward according a special importance to the Maghreb and French-speaking African south of the Sahara, for obvious reasons stemming from history. However, the party advocates a geographic re-deployment to take place in Africa itself (toward the English-speaking and Portuguese-speaking countries), in Latin America and in Asia. The selection of privileged partners rests in part on political criteria.²⁴ Special attention should be paid to nonaligned countries seeking to escape from a too-marked influence of American economic power or Soviet military power.³⁵ Quite naturally, countries such as India, Mexico or Algeria thus ought to become exemplary partners of France.

On the second point (procedures for bilateral cooperation) party doctrine provides extensive information. French Government aid ought to increase in volume and percentage of GNP and change its nature. (According to the party, under preceding governments cooperation tended increasingly to aid private interests.) The party identified certain priority sectors for government aid,³⁶ specific assistance for rural development, aid for research and for transfer of technology,³⁷ assistance to the social and health sector, recognition of

the cultural identity of our partners.³⁸ In the field of industrial development of Third World countries the Socialist Party intends to favor employment-generating projects involving stimulated effects and moderate resource repatriations. (Such projects would go beyond the packaging of products and importations.) It also intends to favor setting up regional projects to help overcome the obstacle of too restricted national markets. Projects making use of local raw materials, particularly agricultural production, and the most developed conversion industries, involving established possibilities of diversification and innovation will be promptly favored.

Structurally, the aim is:

"Technology transfers ensuring the successful conclusion of investments and the long-term viability of projects, thanks to technical assistance contracts (materials, management, development, commercialization, training) assuring the rights and obligations between partners.

"/Joint ventures/ (capital participation) which strengthen the availability of domestic capital for projects and the responsibility of the foreign partner in the host country with a liberal economy; consistent financial operations (sufficient domestic funds, moderate cost of credit); a suitable return on the investment."³⁹

Finally, the French Socialist Party hopes the French Government will propose /"codevelopment contracts"/ to a certain number of states which, after an overall discussion of the objectives of each of the parties, and their harmonization, would arrange at least for the mid-term uniting of financing and guarantees for trading. This notion of "codevelopment contracts" is rather vague. (It is also a poorly chosen expression since it is more a question of "treaties of codevelopment.") Nevertheless it occupies a central position in socialist thinking in the field of development. It reveals an intention to guide, by means of public regulations and bilaterally established planning, exchanges between France and the Third World countries that will undertake such a commitment. The underlying idea is to allow the countries that are partners of France to plan their economic relations and integrate them into their respective national plans.⁴⁰ Guarantees for export resources will be accorded to partner countries, and will be combined with guarantees for importation costs. An organization for checking contracts and billing could be set up in cooperation with the partner country.

Party doctrine does not specify whether these codevelopment accords will strengthen only the current bilateral cooperation structures⁴¹ or whether they will constitute a rigid and obligatory framework. This doctrine also does not clarify how this very voluntarist bilateral policy will be harmonized with France's commitments within the framework of universal and regional multilateral organizations. In this field the Socialist Party supports the Lome II policy, to whose conclusion, C. Cheysson contributed extensively. The implied security of a single accord concluded between the two regional groups which respect the development models, the basic orientations, the choices of each of the countries that are members of one or the other group, the nondiscrimination between these countries, the institutionalized dialogue, are all

basic principles of which the party approves. However the Socialist Party considers that Lomé II merely improved secondary aspects of the machinery already created by Lomé I. True, for the Socialist Party the SYSMIN (system for ensuring the maintenance of mining production and export capacities of the associated countries) constitutes a positive but insufficient development. According to the party STABEX [Export Stabilization Fund] resources are not enough to counter the serious depression in prices, and the field of this mechanism's application is too limited. According to the party an increase of STABEX resources would only be a palliative. The only real solution (to the problem of stabilization of raw materials prices) would reside in the setting into operation of the world stabilization fund for raw materials prices and in a better planning of production. According to the Socialist Party this planning is not adequately envisaged in the Lomé Accords; STABEX only provides for an uncertain security to principal productions and does not encourage innovation.⁴²

Conclusion

Socialist Party doctrine in the field of cooperation with the Third World rests on a global project for a new society, on the domestic level as well as the international level. According to the socialists this society will experience both growth and development.⁴³ According to socialist doctrine what is good for the Third World is good for France and for the whole world.

This postulate (or this conclusion) is debatable. On the one hand socialist doctrine seems to rest on two very different concepts of development (at the international level). The first is that of a development from within, self-centered or self-maintained, which leads to promoting in France and supporting in the Third World policies based on the development of internal potentials, in harmony with the culture, traditions, and national history, and not basing itself on the world market which is necessarily changeable and unpredictable. The second consists of advocating a development from the outside, based on an organized free exchange, an integration into the world economy, a development of exports (French, toward the Third World and from the Third World toward France).⁴⁴ These two concepts are not easily reconciled. Moreover, the compatibility between a policy of cooperation with the Third World and domestic policy is not evident.⁴⁵ If the French economy does not rapidly enter into a new phase of growth, will the costs imposed on French enterprises and on the national economy by the policy advocated for the Third World be bearable? Does not the "reconquest of the national market" imply a "new protectionism"⁴⁶ that is unfavorable to an industrialization (turned toward exportation) of the countries of the Third World?

True, these contradictions and these difficulties of operation should not be surprising. The doctrine of a socialist party is always the result of compromises among the tendencies, and an equilibrium between what seems desirable and what is possible. The coming debates within the party will perhaps make it possible to clarify a doctrine which currently is "scientific" and "objective" but voluntarist and moralist, internationalist but respecting national roads to development⁴⁷ "globally Atlantic but sentimentally Third Worldist."⁴⁸ It seems to us that party thinking should develop in three directions: to

to supplement its analyses which are too intuitive and sensitive to cultural aspects, the party should develop its thinking along economic lines, based on the examination of concrete cases of cooperation, particularly in the field of basic needs (energy, agronutrition, transportation, health, housing, education, etc.) and draw specific lessons, to supplement a thinking that is too moralist and sensitive to injustices, inequalities and violations of human rights, the party should develop its thinking along juridical lines (which should bear in particular on the new international contractual forms),⁴⁹ and institutional lines (particularly concerning the and the role of the universal and European international organizations); to supplement its political proposals relating to the exercise and sharing of power in society and in companies, the party ought to develop views based on management problems, taking into consideration the points of view of economic leaders who know by experience the questions presented by seeking efficiency and by exercise of control over complex projects.

FOOTNOTES

6. Cf in particular the publications of Francois Mitterrand, Jacques Attali, Regis Debray, J.-M. Jeanneney, etc., or also of J.-P. Biondi: "The Third Socialism--Essay on Socialism and the Third World. With Rose in Fist," Flammarion, Paris, 1976, p 187.
7. Particularly during the last legislative and presidential elections (cf in particular F. Mitterrand's 110 proposals).
8. F. Mitterrand himself, C. Cheysson, J-P Cot, M. Jobert, J. Delors, etc, (provided, of course, that a distinction be made between the party's positions and the government's positions. Cf, in this connection, the Valence Congress' national policy directive on the subject "Party and Government: Exchange and Solidarity": "The party will continue to develop its own short-range, mid-range, and long-term analyses, go thoroughly into its thinking on the transition to socialism, take political initiatives, increase its contacts in France and abroad. It will thus play a guiding role vis-a-vis the authorities.... The relations between the party and the government should be based on reciprocal solidarity." The Ottawa Summit, the Paris Conference on the least advanced countries, the Cancun meeting, the council meetings of the International Monetary Fund and the International Bank for Recovery and Development [IBRD], the Paris Conference of African chiefs of state, and the trip to the Third World by the chief of state and his ministers have provided the persons newly in charge very frequent occasions to clarify this doctrine.
9. For the last 30 years the party's life itself has been linked to the history of France's relations with the Third World: Francois Mitterrand held the portfolio for the Ministry of Overseas France in a Plevin government in 1950; Pierre Mendes-France guided Indochinese and Tunisian independence. Socialist Party doctrine has been gradually developed, beginning with the commitments and activism of its members who participated in the various Third World liberation struggles. The party's struggle for development is the logical extension of independence struggles. Certain party members bring together into the same tradition the Resistance in France (in which they participated) against the German occupation, battles for the independence of colonial people (which some of them actively supported) and the struggle in favor of development, based on the rights of peoples to their own identity, their own individualities, and nonalignment.
10. The study of relations between this doctrine and the policy in fact carried out by the French public authorities since the last elections is not a concern of the present analysis: on this subject, cf Pierre-Luc Seguilon, "The First Hundred Days of Socialist Diplomacy." NON REPERES FOR SOCIALISM, bimonthly, September-October 1981 pp 17-36.
11. "Socialist Plan for France of the 80's." Socialist Party, Socialist Book Club, Paris, 1980, p 380 and here, p 10.
12. Ibid p 343. The same text contains the following more colorful affirmation, "Socialism exhorts the French to become aware of the need for an active solidarity among workers, to refuse to accept, in the name of free

exchange and internationalization of the jungle law, the evisceration of French society by the great flesh-eaters of foreign capital, and to substitute an international cooperation based on the solidarity of peoples and the exploited classes for the one belonging to businessmen and the clients of the "Hiltons." (p 337)

13. Party texts often underline the voluntarist character of the action to be carried out in regard to the Third World (one must "overcome the legacy" of the colonial period; one must "adopt a resolutely offensive attitude"; one must have "the will to dominate a development that is destructive of the natural environment and open the way to a higher concept of development") and, contradictorily, the inevitable character of changes to come. (Cf for example, Francois Mitterrand, press conference, LE MONDE, 26 September 1981: "Let us know how to clear the way in time for new nations, new rights, a new, more equitable international economic order. Let us accept with no further delay that which is just and at all events inevitable." Or still: J-P. Cot, Talk with Development Forum, October 1981: "It is development that on the one hand will take the Third World out of the tragic situation it is now in, and it is development that will take the North out of the world economic crisis in which it is now engulfed.")
14. Rejection of the bloc policy and dialogue with the East as with the West; faithfulness to the Atlantic Alliance without returning to its military structure: France's policy of independence is based on its nuclear deterrent force, on respect for the Rome Treaty, on a privileged alliance with the Federal Republic of Germany within the European framework. Cf the text of the executive committee of the Valence Congress (not reported in the final motion) on the difficulties of a break and a gradual break.
15. The question however is not purely theoretical.
16. But the text of the Valence Congress directive committee, which it is true is not found in the final motion, specified that "proletarian internationalism, as Soviet ideologists say, which in the past brought a strong hope, today only serves the inheritors of October 1917 as an increasingly transparent camouflage to hide expansionist dominations and aims."
17. But the "objective" difficulty of grasping these notions concretely is well known: the French Socialist Party, which developed relations with quite different political parties and governments, stipulates that the French Government should establish "cooperative relations directed toward states, and even more particularly to peoples, beyond their governments." ("The PS and Sub-Sahara Africa," op. cit., p 27) Such a formula, if badly interpreted, would risk bringing the government into a policy which would not fail to be called interventionist and destabilizing by some persons.
18. But which ones? Cf in Europe, for example, the French Socialist Party's preference for the Austrian or Swedish parties.

19. Final motion of the Valence Congress.
20. A propos seabed resources, do not the authors of the work "Socialists and the Third World" (op. cit.) seem to fall prey to a facile enthusiasm when they write: "The joint management of underwater resources (the "common grazing lands" of the planet) could well herald in the longer term a coordinated management of the planet's resources, be they maritime or continental. They could also herald a new organization for international relations. To bring this about one must in fact create an organization which will be the instrument of a collective sovereignty of humanity and not the simple repository of a delegation of sovereignty of the different states-members of the international community."
21. Which involves a plurality of "centers" of "relay" countries, of imperialisms, of intermediary powers (of which France is one) able to be autonomous in relation to the great powers, etc.
22. But Mr Cheysson, minister of foreign relations, expressly referred to this doctrine in numerous statements. Cf in particular his statement to the OECD council of ministers ("The Foreign Policy of France," La Documentation Francaise, Paris, "Textes et Documents" May-June 1981): In France we are convinced that we shall only escape the current constraints through what I have elsewhere called a /planetary New Deal./ The prosperity of the industrialized countries in the fifties and sixties was only possible because previously the least advanced levels of industrialized societies had attained access to the consumption and leisure markets, following the audacious social measures adopted in the United States under the New Deal, in England under the Beveridge policy, in France under the 1936 reforms and the Liberation. Today I maintain that the putting into effect of determined policies based on a world-scale Keynesianism (I exclude of course any national framework) would strongly assist our economies in overcoming the current crisis."
23. The party adopted the Brandt commission's conclusions concerning government aid to development, reform of the international system, etc. There is an important Christian current within the party.
24. Elysee Palace 21 May 1981.
25. In that connection Prime Minister Mauroy's expression in his general political declaration to the National Assembly is illustrative. "We should also struggle for the respect of the law. That means France will seek to have an exemplary attitude and will deliberately reject shady deals and the tyranny of immediate interests, to show the way leading to respect of the fundamental principles of international life. It will firmly assert the right to self-determination, independence, sovereignty and security for states, the right to development."
26. "To inspire the foreign policy of our country, the socialist project will support the evolutions which arise in the world tending toward more independence vis-a-vis the two superpowers...(that is) an essential

element for the success of socialism in France." (Socialist Plan, op. cit. p 341) "It would be a great and tragic error to consider all reform of inequalities, any demand for agrarian reform, any nationalization measure of foreign capital, any reference to respect for human rights, as the result of manipulations organized in Moscow or in Washington." (F. Mitterrand's speech to the Economic and Social Council June 1981.)

27. An expression very often used by V. Giscard d'Estaing himself.
28. F. Mitterrand's expression during the presentation of the letters of credence of the new ambassador of Niger, June 1981.
29. The Socialist Party theses, rather close to Gaullist doctrine but very different from those of V. Giscard d'Estaing, are strongly opposed here to American policy (particularly that of the Reagan administration). It consists of giving to the Third World countries increased voting rights at the IMF, of increasing the output of SDR [Special Drawing Rights] for benefit of developing countries, in utilizing several other currencies for reserve other than the dollar (ECU, yen, pound sterling, ruble), in bringing about a partial return to the gold standard, in organizing the recycling by the IMF and the World Bank (reformed) of a great part of the petro-dollars in on-demand deposits, particularly in American or Swiss banks. It will be interesting to consider the party positions regarding certain proposals for reform of the institutions arising from the Bretton Woods Conferences (such as, for example, the plan for the UNCTAD, to create an international industrial development bank, a competitor to the World Bank.
30. The party hopes to treat "with care" this project for coordination of actions of African countries, petroleum producing countries exporting foreign currencies and industrialized countries. It reproaches the previous government for having advanced it "without serious intent."
31. According to the party they often respond better to the needs of developing countries because of their formative and multiplying effects on the human level as well as on the economic level, than the large firms predominant today.
32. How will the "Renault parabola" be used? According to it: "A policy of reducing social inequalities will stimulate the domestic market, hence production and exportation at the same time. Renault demonstrates that a heavy domestic demand strongly contributed to sales abroad." The party has often condemned as scandalous the practices of large French companies in the Third World. It criticized the restructuring, under the auspices of large financial groups such as Suez and Paribas, of French interests in certain developing countries. It deplored the abandoning by certain French firms of productive activities (in mines or industry) to the benefit of more lucrative activities on the increase (engineering, factory equipping) and on the decrease (transport, services) which favored their profits and not the development of the host country.

33. Cf for example a prudent expression by C. Cheysson: "The transnational can have a world strategy allowing them to have a consistent policy, that is to say the utilization of the best place in relation to markets, raw materials, labor costs, transportation, fiscal constraints, risks presented by disturbances and strikes, etc. We cannot accept a world in which /only/ (underlining ours) such enterprises are capable of having a world strategy." (Interview to COURRIER ACP March-April 1981.)
34. "Third World countries which have undertaken the road of socialist development will constitute our natural partners." "Socialists and the Third World," op. cit. p 204.
35. Cf for example J-P Cot, speech to the Economic and Social Council, July 1981.
36. Cf "Socialists and the Third World," op. cit. "Favor certain actions the better to manage them." p 197 and following.
37. The party position adopted in relation to technologies is qualified ("We shall see carefully to the adaptation of the use of our scientific and technical potential to local conditions retaining all that there could be of value in traditional techniques." "Socialists and the Third World," op. cit. p 199. Moreover the party wishes "to improve the conditions for providing productive equipment to the Third World and of regulating the activity of French firms involved in this trade."
38. Which implies both the rejection of proselytism and imitation and the encouraging of certain developments considered desirable (for example the status of women). Correlatively, the party wishes to apply to the Third World "inside our walls" (immigrant workers) the double principle of equality of rights and the right to be different.
39. "The Socialist Party and Sub Sahara Africa," op. cit.
40. The above-cited work, "The Socialists and the Third World," goes so far as to suggest that "for what directly involves them, our Third World partners will be associated with the preparation of our plan, its follow-through, and the verification of its results."
41. Which tends to organize free exchange (treaties of cooperation, investment, trade, double taxation, financial protocols, mixed commissions, etc.).
42. Concerning the measures provided in the Lome II Convention aiming at the promotion and protection of mining investments in the ACP countries, C. Cheysson himself has stated to the press: "There are almost no more mining investments in the ACP states (outside of uranium). In this field what we have learned with Lome II is that the problem is mentioned but we have made almost no progress. The means Lome II gives the commission are not significant. A good use of these means will consists, broadly, of showing that they are insufficient, not only in volume but also in type, nature, and structure."

43. "There is an astonishing convergence of the effects of a new division of labor and current protest in France, itself, against our way of growth..." ("Socialists and the Third World," op. cit. p 176). "In the multiplying exchanges with developing countries, stimulated by a voluntarist policy of aid and cooperation, the government sees one of the greatest instruments for the return to a world economy of growth." (Government's general policy statement made by the prime minister before the National Assembly, Paris, 8 July 1981).
44. It is perhaps a little simplistic, but nevertheless correct, to note that the first policy seems to be preferred by J-P Cot while the second is supported by C. Cheysson. (Cf Pierre-Luc Seguillon, op. cit.)
45. The CERES motion at the Valence Congress draws attention to this point. It recommends according to priority, in a first phase, domestic political objectives. "During the first phase of its action, the first concern of the government of the Left is naturally to assure itself of the greatest possible control of the economy, in order not to coalesce against itself an international environment which is a priori unfavorable to it. It will be properly inclined not to have a frontal collision abroad with interests which are in fact spontaneously in agreement with those combating it from the inside."
46. Not only in the meaning Mr Jeanneney, counselor to the president of the republic, gave to this expression in his 1978 work (Selective customs protection against certain importations of manufactured products coming from low-wage Third World countries.) but in a stronger meaning: (Are not French trade unions often hostile to French investments in the Third World and to importations from these countries, which foster unemployment?). Cf along these lines "The Socialist Government and the Third World." MARCHES TROPICAUX ET MEDITERRANEENS, 28 August 1981. No 1868.
47. But did not J. Juarez say "a little internationalism brings one away from the fatherland; much internationalism brings one back" as noted in the Valence Congress motion?
48. Pierre-Luc Seguillon, op. cit.
49. And which leads to a careful distinction among aid, trade, investment, technical assistance, industrial cooperation, etc., which pose very different problems.

9772

CSO: 3100/361

BRIEFS

PAPANDREOU BRIEFS EEC MEMBERS ON CYPRUS ISSUE--Prime Minister Papandreou has sent letters to the nine EEC partners in which he briefs them on the Cyprus issue, as he expressed it in Cyprus during his recent visit. The prime minister announced this at the Council of Ministers session over which he presided. Mr Papandreou also briefed the members of the Council of Ministers on the results of his visit to Cyprus. The prime minister added that in March, he will send the leaders of the governments of all countries similar letters in which he will reposition the Cyprus problem. Mr Papandreou clarified that German socialist leader Mr Brandt will not be a mediator in the Cyprus issue but a catalyst. He will offer his good services for the portrayal and promotion of the issue in Europe. Mr Papandreou also said that Greece's role is to cover such international aspects of the issue as the occupation of a great part of the Megalosis [Cyprus] by a foreign force, the aggression against an independent and nonaligned state and so forth. Finally, the prime minister stressed that Greece can not write off 500,000 Greeks, a part of hellenism, for which the metropolis [Greece] has its responsibilities. [Text] [NC052317 Athens Domestic Service in Greek 2200 GMT 5 Mar 82]

TIKHONOV, GROMYKO VISITS--The Soviet Union's Chairman of the Council of Ministers Nikolay Tikhonov and Foreign Minister Andrey Gromyko will officially visit Athens. Thus, the recent opening by the Soviet Union toward Greece is being officially confirmed. The most likely month of the visit is October. These visits will be in return for the visits to the Soviet Union by Mr Karamanlis as prime minister during October 1980 and by Mr Y. Rallis as foreign minister during September 1980. [Text] [NC070906 Athens ELEVTHEROTIPA in Greek 6 Mar 82 p 1]

FOREIGN VISITORS IN 1982--Many foreign personalities are expected to visit Athens during 1982. Among these personalities are: Romanian President Ceausescu; the prime ministers of Portugla, Spain, Zimbabwe, Denmark, Sweden and of the Soviet Union; the secretary general of the Arab League; the governor general of Canada; the amir of Kuwait; the FRG deputy foreign minister; and a group of American congressmen. [Text] [NC070912 Athens Domestic Service in Greek 0500 GMT 7 Mar 82]

CSO: 4621/218

HORDALAND LABOR PARTY CONGRESS BACKS U.S. IN EXERCISES

Oslo AFTENPOSTEN in Norwegian 22 Feb 82 p 11

[Article: "No Party Support for Nordland AP"]

[Text] At its annual meeting yesterday, the Hordaland Labor Party rejected by a large majority a proposal to support the Nordland Labor Party's proposal to oppose the United States' action in El Salvador by banning American troops from the upcoming NATO exercises in North Norway. The proposal, which was presented by AUF (Labor Party Youth Organization) representatives, gained the support of only 25 to 30 of the 200 representatives at the meeting.

The Labor Party's local chairman in Bergen, who has stated in the press that she supported the action taken in Nordland, did not support similar action by the local party in Hordaland.

The annual Labor Party meeting in Hordaland stated that the United States' support of the junta in El Salvador and the military government in Turkey was straining relationships between the United States and NATO and was weakening the desire of Norway to support the alliance.

The Hordaland Labor Party sharply criticized the industrial policies of the Conservative Party government and warned against cutbacks in the transport and communications sector. It was decided unanimously to support the Tyssedal workers' rejection of the government's alternative proposal for the DNN construction. It was demanded that construction of a new aluminium plant in Tyssedal be carried out according to plans.

Member of parliament Hallvard Bakke was reelected chairman.

9336

CSO: 3108/68

CENTER PARTY LEADERSHIP HITS U.S. ON EL SALVADOR

Oslo AFTENPOSTEN in Norwegian 23 Feb 82 p 26

[Article by Even T. Hansen]

[Text] The middle-party alternative in Norwegian politics is dead! This was stated by the chairman of the Liberal Party, member of parliament Hans Hammond Rossbach, at a press conference yesterday.

He told AFTENPOSTEN that his party would stop chasing the Christian People's Party and the Center Party: they obviously want to continue supporting the government, but we can wait until they are ready to cooperate, Rossbach said.

The Liberal Party chairman stated at the press conference that his party had tried repeatedly to maintain a viable middle-party alternative in Norwegian politics. But, he stated, "the Christian People's Party and the Center Party have shown little interest. Obviously, we cannot continue in this way."

The Liberal Party also held its executive board meeting this past weekend and in a statement the party denounced the Reagan administration's military and economic aid to the dictatorial regime in El Salvador. With regard to Tysse-dal, the Liberal Party stated that it could support the main points of the government's alternative, but the party would place greater emphasis on programs for the municipality of Odda as a whole.

9336

CSO: 3108/68

CONSERVATIVE PARTY ELECTIONS PANEL: REELECT BENKOW

Oslo AFTENPOSTEN in Norwegian 24 Feb 82 p 3

[Article by Terje Svaboe]

[Text] Reelection of Jo Benkow as chairman, Hakon Randal as first vice-chairman, the election of Kaci Kullmann Five as new second vice-chairman, and Wenche Frogn Sellaeg as a new member of the labor committee--these were the highlights of yesterday's unanimous report from the Conservative Party election committee.

The election will be held at the Conservative Party national congress in Stavanger in late April and there is reason to believe that the unanimous recommendations of the election committee will be satisfactory to the delegates at the congress.

It was also unanimously recommended that Per-Kristian Foss be reelected as member of the labor committee. Kaci Kullmann Five will replace Astrid Gjertsen who declined reelection, while Wenche Frogn Sellaeg will replace Sverre Stray who also declined reelection.

If the national congress supports the new leadership, there will be two women in the labor committee of the Conservative Party. The congress also will elect six representatives to the party's central board and the election committee has selected two women and four men: Kari Vik Mariussen, Nordland, Kari Thu, Rogaland, Erling Norvik, Akershus, Jan Petersen, Akershus, Hans Svelland, Oslo, and Kristian Sundtoft, Aust-Agder.

The selection of these six members of the central board shows that the election committee has placed priority on representatives with experience in provincial and municipal government. Vik Mariussen, Sundtoft, Svelland, and Thu are all active in local politics today.

Yesterday's election committee meeting was peaceful and committee chairman Hakon Kyllingmark made a conscious effort to reach unanimous recommendations.

The most discussed topic was who should take Sverre Stray's place in the labor committee, but this discussion ceased when Wenche Frogn Sellaeg accepted a position in the top leadership.

Now the scene is set for Kaci Kullmann Five to become second vice-chairman of the Conservative Party.

9336

CSO: 3108/68

PAPER HITS GREEK THRACE RELIGIOUS TRUST POLICY

NC100846 Istanbul HURRIYET in Turkish 5 Mar 82 pp 1, 11

[Article by Erol Gonenc]

[Excerpt] In accordance with an administrative decision of the Greek Government, the administration of the religious trust (vakif) properties belonging to the Turks of Western Thrace has been taken from the Mufti and the communal leadership and has been attached to a new administration. This decision is now in operation. The governors of Komotini and Xanthi have begun to set up trusteeships for the administration of the vakif properties of the Western Thracian Turks. It is reported that the governors, who have taken the authority from the Mufti and the communal leaders, have set up over 20 trusteeship councils in the two cities and have appointed their own men to these councils. This action by the governors of Komotini and Xanthi has drawn strong reaction from among the Turks in Western Thrace. The Muftis of both cities have stated that they intend to go to Athens and submit a memorandum to the prime minister.

It has been reported that the memorandum which has been signed at the offices of the Muftis by Turks will be distributed not only to the prime minister but also to all ministers, party leaders and members of the Parliament some time next week.

Aga Hafiz Mehmet Emin, secretary general of the Mufti's office in Xanthi said the following: "The Greek administration has acted arbitrarily, without asking anyone. It is resorting to every possible means to deprive the Turks of their property. The Turks inherited these vakifs from their ancestors. According to the provisions of Islam, these properties should not be administered by persons [as published], whether these persons are Muslims or not. They belong to the community. That is why the administration of these properties in the villages is entrusted to the Muftis and in the cities to the communal leaders. We protest this operation. We shall go to Athens collectively next week, and we shall give a memorandum to the prime minister, ministers, party leaders and parliamentarians. We will not give up our struggle. Those appointed as trusteeship councillors are their own men. Their aim is to take the Turks' property from them. We are determined to resist this to the bitter end.

CSO: 4654/204

PAPER URGES ACTION ON THRACE TRUST SITUATION

NC100902 Istanbul HURRIYET in Turkish 5 Mar 82 p 3

[Editorial by Iktay Eksi: "If We Do Not Do What Is Incumbent On Us..."]

[Text] We keep attacking Papandreou every now and then....No one should take offense, but was Rallis or his boss Karamanlis far different, or are they any different now?

We shall soon explain why we are talking like this, but let us sum up the question of "the Turkish religious trusts (vakifs) in Western Thrace" and the oppressive measures inflicted on Turks there: In accordance with the "law regulating the Turkish vakifs" which came into operation in November 1980, Papandreou has, in a way, commandeered the vakifs of the Turkish community. To be more precise, this law requires the religious trusteeships to specify their possessions to the authorities within a limited period. But the Turks allege that the law in question is contrary to the Lausanne Treaty, and they refuse to "present any specifications."

What we call a vakif is not really a small property. These vakifs can provide enough revenue to meet the expenditure of all the religious and educational institutions of about 120,000 Turks living there. Moreover, they are a great support for the preservation of the culture and dignity of the Turkish community.

Until the law in question was enacted, the vakifs were administered by persons chosen by the community there. As a matter of fact, this is what the Lausanne Treaty stipulates. Section 40 of the treaty provides that the Turks there "...will have equal rights to establish every kind of benevolent, religious and social institution and every kind of school and teachers' training center, provided they cover the expenses of these establishments themselves. They will be entitled to administer and control their institutions, and they will be free to use their own mother tongue and to practice their religious ceremonies."

Moreover, the Lausanne Treaty stipulates that commissions composed equally of representatives of the Greek authorities and the Turkish community be set up to control the implementation of these provisions.

There is more to it: Section 44 of the Lausanne Treaty provides that if the government concerned enacts a law in contravention of this treaty, a recourse can be made to the United Nations [then identified as the League of Nations].

Although during our friend(?) [punctuation as published] Yeoryios Rallis' premiership in 1980, a law completely ignoring the Lausanne Treaty was enacted, it was not put into operation. According to this law, the administration of the vakifs of the Turks was turned over to administrators chosen by the Greek authorities on grounds that the Turkish community there had failed to submit the required information. In other words, the basic security of the Turkish community was handed over to those who aspired to wipe out this security.

At the beginning of our editorial we indicated Rallis and Karamanlis are no better than Papandreou. It seems that the difference between them is that Papandreou expresses his animosity for us openly, while the others smile at us while they are putting into effect what is in their minds.

For example, in 1964 Karamanlis, as prime minister, began to militarize the Aegean Islands. The law enacted by Rallis and the practice launched by Papandreou are as much contrary to the Lausanne Treaty as Karamanlis' militarization program was.

But, if we do not resort to the United Nations when we are entitled to do so, and if we do not think of complaining against Greece to the Human Rights Commission of the Council of Europe while the Western Thracian Turks are being oppressed, such things will certainly continue to happen. What is there to be surprised about?

CSO: 4654/204

JOURNALISTS, ACADEMICIANS DISCUSS TURKEY-GREECE RELATIONS

Istanbul MILLIYET in Turkish 17 Jan 82 pp 2, 4

[Summary of the 19 December 1981 panel discussion organized by the Turkish Cultural Foundation; attended by Journalists Mehmet Ali Birand, Altan Oymen and Ali Sirmen, Professor Dimitri Kitsikis, Visiting Professor at the Faculty of Social Sciences of Bogazici University and Professor Melih Tumer, Member of Faculty at the Istanbul Academy of Commercial Sciences; moderated by Mehmet Barlas, Editor-in-Chief of MILLIYET: "Turkish-Greek Relations and Peace"]

[Excerpts] Barlas: I welcome you all to the panel discussion organized by the Turkish Cultural Foundation on "Turkish-Greek Relations."

The goal of the Turkish Cultural Foundation is to promote cultural relations between Turkey and other countries. The Foundation organized this panel discussion with the aim of fostering a rapprochement between the Turkish and Greek societies and hearing the views and proposals of the honorable panel members.

The Honorable Kitsikis will discuss the historical development of Turkish-Greek relations within the context of events in the last century. Honorable Kitsikis?

Kitsikis: Turkish-Greek cooperation is viewed as an historical necessity. Even if we do not like each other--which is not true--we have to join hands in the interests of the two countries. Otherwise, neither Greece nor Turkey will be able to perpetuate their existence for very long.

First of all, history books used as textbooks in schools in Greece and Turkey must be purged of all prejudices and rewritten. In both countries, books and articles which positively support Turkish-Greek relations must be systematically supported and given priority for publication. All publications opposing Turkish-Greek friendship must be criticized. Authors and journalists whose writings reject Turkish-Greek friendship and promote hate among the people of the two countries are common criminals and warmongers. These people must be condemned by all reasonable individuals and ostracized by society. In this respect, newspapers and publishing houses have great responsibilities.

Barlas: The Honorable Kitsikis has clearly explained the concept of "Megaloidea" [the Greek ideal of a Greater Greece] and put forth concrete proposals. Thank you, Dr Kitsikis. I now request Altan Oymen to express his views.

Oymen: I will look at the issue as a journalist. I will try to answer the question concerning the fact that today we seem to have failed in continuing the friendship founded by Ataturk and Venizelos. I will explain the recent developments in Greece. While I was covering the last election campaign in Greece I noticed that "Turkey" and "Turks" were the most important words used. The most interesting aspect of the election campaign was that these words were used with excessive frequency. Mistaken interpretations of Turkish-Greek relations are reflected not only in politics but also in books. Consequently, as the Honorable Kitsikis said, it would be of merit to re-write the history books.

For example, Greek history books emphasize and condemn the Turkish occupation of Greece, but they do not dwell too much on other occupations. My impression is that newspapers are also spreading the view that Turks are occupiers. Although attacks against Greece can occasionally be found in Turkish papers too, Greek papers do not miss a day without talking about this subject. Even on days when other issues dominate the events the issue of Turkey is always in the editorials as a negative element.

On an individual basis Turks and Greeks get along very well. But there seems to be a self-perpetuating and unchecked mechanism which fosters bad relations between Turkey and Greece and which politicians cannot circumvent even if they want to.

Of the two main adversary parties in the Greek election campaign, PASOK placed great emphasis on the issue of Turkey. The New Democracy Party, on the other hand, countered by saying that they defended Greek rights better against Turkey and that they made Turkey retreat further instead of saying that friendly relations with Turkey are useful and necessary. I would like to give examples from Papandreou's campaign since his tactics are more successful.

During the election campaign Papandreou seemed to offer Turkey an olive branch. His initial tough stance softened up later on in the campaign. He said:

"The Turkish and Greek peoples have nothing to share. However, Greece will not make the slightest compromise on its rights on land, sea or airspace."

Leaving the land issue alone, there is a debatable situation in the issues of sea and airspace. Greece believes that the control and command mechanism in the Aegean completely belongs to itself. The argument here is: "The skies belong to us; we do not want anything else." There is also an inclination on the part of Greece to raise the territorial water limit to 12 miles. In addition to seeing Greece's rights in broader terms than we do, Papandreou wants, under the guise of the olive branch, to reintroduce the Cyprus issue into the agenda of talks between the two countries.

Papandreou says: "In our opinion, the Cyprus problem has never been an issue concerning the two communities on the island alone. The issue concerns the fact that Cyprus is under occupation. Greece has left the military wing of NATO because of the Cyprus issue. How can Greece return to NATO if this issue remains unsolved?" Since his coming to office Papandreou's policies concerning NATO has escalated this issue. For what purpose?

It appears that Greece's policies are based on the following assumptions: Turkey now is under a provisional administration and therefore there is a notion that this is a good opportunity for Greece to exploit Turkey's weak relations with Europe. This can be achieved by a broad publicity campaign. The Greek public is constantly indoctrinated with the idea that Turkey has expansionist goals, that this policy of Turkey's is necessitated by the nature of its present administration and that Greece needs to protect itself against this policy. It is necessary to change this trend and push both societies toward a more objective stance. Journalists and speakers at panels such as this can contribute to such moves with an eye to achieving concrete results. We hope that Greek politicians will one day also come to this conclusion. This may be the beginning of a process. Perhaps, one day, we may found the beginnings of a solidarity similar to the one established by Ataturk and Venizelos. These were the things I wanted to say in brief.

Barlas: Thank you Honorable Oymen. Now Mehmet Ali Birand will discuss the latest developments in the effects of Turkish-Greek relations on NATO and intra-European affairs.

Birand will tell us about events from the EEC summit meeting in London to the NATO fiasco in Brussels.

Birand: Before the elections in Greece, Papandreou was a big problem in Western circles. But when he relaxed his hardline attitude as the elections neared there was some cause for hope. The general impression was that there would be significant differences between Papandreou in the opposition and Prime Minister Papandreou. So, after the elections the West watched Papandreou for a while. Knowing this, Papandreou did not display his old hardline attitude. In fact, at the London summit he surprised everybody and did not make any unusual demands. He kept this up until the NATO meetings in December. During those meetings, he very cleverly delineated three issues from each other: Turkish-Greek relations, Greek-NATO relations and Greek-U.S. relations.

His emphasis was mostly on Turkish-Greek relations. His tactics were based on being extremely tough against Turkey and compromising toward NATO and the United States. He stated that Turkey constitutes a threat [against Greece] and maintained an uncompromising stance on his demands from Turkey. But, on the other hand, he did not dwell on his intention to withdraw from NATO during the official meetings. On the issue of the U.S. bases [in Greece] he did not take a hardline stance either and instead pointed to a negotiating process. Naturally, his stance on these two issues comforted the Western allies. In contrast, he attacked Turkey with full force. At the NATO Defense Ministers' meeting it became apparent that rather than getting

something concrete Papandreou wanted to propagandize the notion that "Turkey constitutes a threat" and gain some advantage linked with that.

Papandreou Achieved His Short-Term Goals

Papandreou knew very well that NATO would never provide guarantees against the perceived Turkish threat. His objective in rejecting all conciliatory formulas and in causing the conclusion of the first NATO meeting in history without a joint communique--which symbolized disagreement--was to bring the Turkish-Greek relations to the forefront. He achieved his goal. The Turkish press wrote that Papandreou was scolded and ostracized by the allies and that there was a lot of antipathy against him.

Perhaps Panandreou's approach was not well received but the Greek Prime Minister achieved his short-term goals.

The Turkish-Greek relations, which experienced an unprecedented 3-year period of calm, suddenly appeared to reach a critical stage. He froze the Rogers agreement; he warned the allies to balance their aid to the two countries. He did all these in such a spectacular manner, he made so much noise and he made so clear that "he may compromise on other issues if he is supported against Turkey" that he succeeded in preparing a convenient ground for his long-term goals. If Papandreou does not overplay his hand and he succeeds in keeping up the pressure on Turkey within the NATO framework he can gain considerable advantages which means that he can bring the negotiating process on the Aegean issue to a halt.

We must not forget that by maintaining the status quo Greece is claiming a de facto sovereignty over the Aegean. The party that is seeking and asking for its rights is Turkey. Thus breaking the talks on the Aegean issue means the continuation of the status quo that Greece desires and the elimination of the possibility that Turkey may gain some rights. This is what Papandreou wants. Otherwise Papandreou wants nothing from Turkey. His goal is to avoid losing what he has in his hands. For this reason he killed the Rogers agreement at the last [NATO] meeting.

The Rogers agreement symbolized the fact that Greece does not have unconditional sovereignty over the Aegean and that there are regions that are debatable and that can be shared. It is for this minor implication that Turkey signed the Rogers agreement and approved Greece's return to the military wing of NATO--and consequently lost its most important trump card in the bargaining over the Aegean. With his approach, Papandreou has effectively killed the agreement, because our Western allies will not support a Turkish approach which says: "Pressure Athens to implement the agreement so that the Aegean can be militarily divided." Rather than applying pressure on a leader like Papandreou who gives the impression of being tough, the allies will prefer to pacify Turkey by saying: "You are a great country. This man is unpredictable. Let us not bring divisiveness into NATO. Let him calm down for a while and we will see what we can do."

In other words, as a result of the clamor he made, Papandreou seems to have not only broken the talks over the Aegean but also prevented possible Western pressure.

Since Turkey does not, at the moment, have the means to cause a crisis to force Greece to the negotiating table in the Aegean--because of internal and external conditions--we are moving toward a period without dialogue. The dangers of a lack of dialogue are obvious.

If Athens tries to attract world public attention to Cyprus by stockpiling arms on the island and causing an incident--particularly in view of the fact that no one can easily determine who fired the first bullet in such cases--the danger will assume larger proportions and friction may result between the two countries. Papandreou must not go too far; Turkey must maintain its calm posture--avoiding emotional statements--and explain its position actively to the allies; and the Western allies must stop heeding blackmail tactics. The tension caused by the events in Poland is a factor that is making Papandreou's work more difficult. At a time when NATO needs to show strength, the Greek Prime Minister's attitude with its weakening effect on the alliance is, on the one hand, greeted with sympathy, but, on the other hand, prompting certain Western circles to adopt an attitude of "let us not pressure the man at a time like this."

A Turkish-Greek crisis has not loomed closer in the past 4 years than it does now. If care is not taken the two countries may even go to war. Preventing this depends on the steps to be taken before attitudes harden. If the current Turkish-Greek problems involve a game intended for the consumption of world public opinion, Turkey has a powerful trump card in its hands: proposal of negotiations. Ankara can beat Papandreou at his own game. In other words, Turkey may explain to the world public--in a well-prepared spectacular manner--that it does not feel threatened, and that it seeks peace.

The Greek Prime Minister can be confronted with well-timed and effective proposals of negotiations instead of statements made to the Turkish press that are not heard outside. If we continue believing that such an attitude is not proper for a sober and serious government, Papandreou will continue to have the initiative.

Barlas: Mehmet Ali Birand explained the issue quite explicitly. Now Ali Sirmen will dwell on concrete issues between Turkey and Greece such as the airspace and the Cyprus disputes. I will ask him to discuss the current problems between Turkey and Greece in the light of the present state of world politics.

Two Important Problems

Sirmen: Today there are two important problems in Turkish-Greek relations.

The first problem is moral insecurity. This problem of insecurity has turned into a crisis with the Papandreou government. The chief reason for this

problem is the fact that both societies have not yet achieved political maturity. Of course, there are also economic infrastructural reasons.

Now let us look at the actual issues of disagreement. First I would like to consider the Cyprus problem.

The Greeks have always had a tendency to see Cyprus as an extension of their territory; the "1974 Peace Operation" was the result of this viewpoint. If we want to be realistic we must pay attention to the following point: There are four parties involved in the Cyprus problem, namely Greece, the Greek Cypriot community, Turkey and the Turkish Cypriot community. All these parties have had some degree of responsibility and have made mistakes in a historical sense.

Greece's mistake was that it saw Cyprus as an extension of its territory and it failed to see that trying to solve the problem within the framework of United Nations principles would produce a change of status which would be against Turkey's interests and that the Turks would never tolerate that.

The second largest share of responsibility falls on the Greek Cypriot community and Makarios who ruled the island. Makarios' goal was to establish an independent state of Cyprus against Turkey. However, the state of Cyprus has not felt the need for even a national anthem and has not stopped flying Greek flags on its territory. This alone explains very well how Makarios viewed the issue. Makarios neglected the Cyprus constitution and the need to insure that the two communities live in peace.

Turkey's greatest mistake in Cyprus was that it kept its distance from the struggle against the British and initially it did not endorse the idea of an independent Cyprus. It was a mistake on Turkey's part to view the problem within the framework of world political blocs rather than the framework of the interests of this region. It is extremely important for a realistic and lasting conclusion of the intercommunal talks on Cyprus that all sides see their historical responsibilities.

The second important problem between Turkey and Greece is the Aegean issue.

There are problems involving territorial waters, airspace and armaments. In looking at this problem I would like to talk about two great mistakes on the part of Turkey. The first mistake is that Turkey has been too late in realizing the importance of the Aegean Sea. The other mistake was that until 1974 Turkey gave the other side the impression that it did not attach too much importance to the Aegean continental shelf issue which had the potential of causing a conflict between the two countries. Greece's mistake on this issue is that it sees the Aegean as a Greek sea.

When a just and lasting solution is found in Cyprus one of the first things to be done will be to rewrite the history of the island without discriminating between the ethnic roots and cultural links of the Greek Cypriots and Turkish Cypriots living on the island. Kitsikis' proposals on this issue are extremely constructive and positive.

The first step in possible economic cooperation between the two countries can be taken in the Aegean region. It is always possible to exploit the Aegean continental shelf jointly and to solve the Aegean problems within a common cooperation framework. I believe that in order to find a peaceful solution to the problems between Turkey and Greece the peoples of the two countries must first achieve a political maturity and build an economic structure which will permit the coexistence of various political views and inclinations.

Barlas: From an economic viewpoint and a standpoint of taking the mutual relations of the two countries within the framework of Balkan integration is it possible to find a method which will insure peace within a shorter period of time? The Honorable Tumer will answer this question. We would like him to tell us about the economic cooperation between the two countries and their respective economic problems.

Tumer: The national economies of Turkey and Greece have, for geopolitical and historical reasons, always influenced and followed each other.

However, these influences and links have not been transformed into a regional cooperation.

For historical reasons, the Greek national economy has traditionally been oriented toward foreign trade and as a result Greece has had close cooperation with imperialist countries.

The Turkish national economy, on the other hand, has, during the Republican period, been oriented toward domestic development and protectionist policies against foreign products.

Trade relations between Turkey and Greece have involved international competition in Mediterranean agricultural products. The volume of trade between the two countries has remained small in relation to their total foreign trade and this volume has changed in accordance with the degree of political tension between the two countries.

Over a long historical period, the economic and social development of both countries has taken place within identical political and economic systems. The reasons for the fact that economic links between the two countries have been limited despite this situation can be sought in Turkey's "defensive" policies for economic development as opposed to Greece's "expansion" policies for economic growth.

In the period following the end of the World War II the private sectors in the national economies of Turkey and Greece have recorded high growth rates. However, in the past 30 years private capital in both countries has not been able to create conditions for joint and lasting cooperation.

During the same period, intellectual and progressive groups in both countries have neither been able to establish an adequate dialogue among themselves nor have they been able to take advantage of existing weak dialogues.

Today, Greece is moving toward complete integration with the EEC following its full membership agreement with the EEC.

Turkey also wants to be a full member of the EEC.

However, since 1974 the world economy as well as the economies of EEC countries have been in a severe recession.

The peoples of the world, on the other hand, want peace.

It is an undeniable fact that the peoples of Turkey and Greece also want peace, democracy and economic development.

The congress held by the "European Center for Public Management" in Athens in May 1981 carried significant importance for the Turkish and Greek economies in view of the current world economic conditions.

This congress has made it possible to understand why world economic conditions work in such a way that the economic, social and technological development of regions and countries are always determined by the interests of large industrialized countries. The congress has also shown the need for an "international new economic order" for developing countries.

The economies of Turkey and Greece will not be able to dissociate themselves from the world political and economic conditions specified above. Consequently, the two countries as well as the countries of the region will derive great benefit from the development of relations between neighboring countries and the establishment of a lasting cooperation on a healthy foundation of peace.

For these reasons and in conclusion my view is that today there is more need than ever for a peaceful and healthy development of our region. Consequently, Turkey and Greece must develop regional economic and social cooperation. Both countries have neighbors in the Balkans and the Middle East. Although the countries of the region have different economic systems it is an inevitable humanitarian goal to develop the region within a framework of peaceful relations and without interfering in each other's internal affairs. The universities of Turkey and Greece together with universities from Balkan and Middle Eastern countries must work toward drawing up the scientific foundations, conditions and means of a "Regional Development Program." I believe that the undertaking of joint scientific work among the countries of the region is the surest approach to regional peace and development.

Barlas: We thank all the speakers who have proposed that the functioning of the Turkish-Greek friendship should be free of prejudice and misconceptions.

9588

CSO: 4654/144

ISTANBUL PROSECUTOR INTERVIEWED ON DISK TRIAL

NC071822 Paris AFP in English 1354 GMT 7 Mar 82

[Text] Istanbul, 7 Mar (AFP)--The trial of 52 leaders of the left-wing Confederation of Progressive Trade Unions (DISK) will not endanger workers' rights in Turkey, Istanbul's chief military prosecutor Colonel Suleyman Takkeci said here today.

Colonel Takkeci, who is presenting the military case against the DISK leaders, said the 52 men on trial for their lives were not charged for their union activities, but for "attempting to destroy the state and set up a Marxist-Leninist regime." "If we were fighting against the rights of the workers or the unions," he told AGENCE FRANCE-PRESSE, "we would also have charged Turk-Is," Turkey's largest, apolitical labor confederation which is still active. DISK was banned after the military coup in September 1980.

"Labor rights are protected by law," he continued, "but it would have been dangerous to allow thousands of workers to be maneuvered by union leaders who had illegal political ideologies." The Turkish penal code bans both communist organisations and communist propaganda.

The controversial Colonel Takkeci said that in seeking 52 death sentences against the union leader he was "not expressing personal sentiment but applying the law." "There are some European countries where capital punishment exists, and others where it does not," he continued. "Turkey happens to be a country where, for such offenses, capital punishment still exists."

The trial has been postponed until 14 April, which gives the DISK leaders 5 weeks in which to prepare their defense statements. Defense lawyers have been refusing to attend hearings since 6 January to protest against what they call Colonel Takkeci's "biased" attitude.

In the trial which opened on 24 December, the colonel first called for and obtained "state of war conditions" to speed up proceedings, then spent 16 sessions reading his 600-page-long indictment which covered every activity DISK had since it was founded in the early 1960's. He expelled defense attorneys, including Orhan Apaydin, president of the Istanbul Bar Association, whom he later had detained, and once called for the immediate arrest of 10 DISK supporters who were among members of the audience at the trial.

CSO: 4600/320

ARMED FORCES FACE SHORTAGES DUE TO EXPENDITURE FREEZE

Paris LE MONDE in French 3 Feb 82 p 15

[Article: "The Temporary 'Freeze' on Certain Public Expenditures for Equipment Can Seriously Affect the French Armed Forces as of July"]

[Text] Just as he has asked every administration consuming public appropriations, the prime minister has asked the Armed Forces to defer temporarily some of their equipment expenditures in 1982. This freeze involves around 4.7 billion francs in payment appropriations and on the order of 18 billion francs in program authorizations.

It is a question of setting up a control, said to be temporary in this situation, of commitments for public expenditures approved by Parliament, with the understanding that the amounts thus placed in reserve can later be released and used depending on development of the economic situation in France.

In the Ministry of Defense, it is generally believed that this procedure will begin to have serious consequences after July, if it is maintained beyond the second half-year in the form of cancellations of appropriations at the end of the fiscal year. But the staffs, taught a lesson by the 1976 precedent when the Armed Forces were threatened with having their payments suspended, seem less optimistic in reality.

The 7 October 1981 cabinet meeting decided to defer in 1982 execution of the state's investment expenditures amounting to 15 billion francs in payment appropriations, in order to calm concern created abroad on the announcement of a sizable French budget deficit. The Ministry of Defense was invited to participate to the tune of 4.7 billion francs of its payment appropriations (title V of the budget) in this creation of a budgetary reserve that can be used subsequently.

Within the framework of this policy of control of 1982 public expenditures, the prime minister has, therefore, decided to "freeze" the program authorizations, which are the state's long-term financial commitments, secured, then, every year by corresponding payment appropriations.

Risks

On 20 November last year, by means of a letter addressed to the ministers and secretaries of state, Pierre Mauroy encouraged "extravagant" administrations to freeze temporarily one-fourth of the program authorizations for their equipment and support of economic activity. Thus, the Ministry of Defense was requested to freeze the equivalent of 18 billion francs in program authorizations included under that same title V.

In the office of the minister of Defense, it is believed that the prime minister's decision does not disturb, for now, the functioning of the Armed Forces insofar as already, for several years now, the directorate of financial services has taken care to release quarterly--in order to control their management better--the payment appropriations and program authorizations allocated for military equipment.

For the first half of 1982, the expenditures will, therefore, be committed as provided by quarterly fraction.

There is a risk that things will go differently after July, especially if the the control of expenditures imposed by Mauroy finds expression--whose possibility is suggested in the prime minister's letter--by a release of only part of the reserve set up or by outright cancellations of appropriations at the end of 1982. Among the associates of the minister of Defense it is admitted that, under this assumption, execution of certain major armament programs, including programs in the nuclear field, could suffer from it.

Prospects like these are now worrying the staffs, although it is observed there that another legislative vote would be necessary to authorize a "remodeling" of the 1982 budget previously approved by Parliament.

The fears of the hierarchy are all the more intense because, moreover, that same title V (equipment) had to be cut, in 1981, by 600 million francs in payment appropriations--the equivalent of the cost of six new-model Transall aircraft--in order to cover increases in remunerations that exceeded forecasts. A procedure imposed in 1980 consists in always drawing off from military equipment excess expenditures caused by the operation of the Armed Forces.

In 1982, the cost of the French Sinai peace-keeping force or the cost of the 39-hour week in state establishments might have the same siphoning-off effect.

10,042

CSO: 3100/331

NEW ARMORED TANK, MAGNETIC MINES PART OF MODERNIZATION PROGRAM

Paris LE FIGARO in French 28 Dec 81 p 7

[Article by Pierre Darcourt: "New Effectiveness for Engineers Equipment"]

[Text] The Corps of Engineers, oriented since the 1977 reorganization of the Armed Forces, is now turned toward operational effectiveness. In addition to mobility and countermobility support missions vital to our forces, it can also contribute, in case of conflict, to minimizing the effects of tactical nuclear weapons by accomplishing appropriate jobs (digging in, detection, camouflage).

But it cannot experience its full employment without a sizable renovation of its outdated equipment.

The completely obsolete engineering combat vehicle (VCG) must be replaced by the EBG (armored engineering vehicle) in process of evaluation at the Roanne arsenal. It is a question of an amphibious tracked vehicle derived from the AMX 30 B2 tank, strongly motorized, suitable for all engineering operations in the forward area and with complete NBC (nuclear, bacteriological and chemical) protection. Its specific equipment includes a shovel with an excavation capacity of 100 cubic meters an hour, a mechanical handling arm and a grab for clearing rubble and obstructions. An original innovation: four "dispersable" mine-laying tubes, projecting 10-kilogram explosive charges up to 300 meters. Two prototypes are in competition. They are scheduled to be placed in service in 1985. The Army's requirements amount to 150 units.

A heavy earthwork vehicle, unarmored but powerful and fast (60 kilometers an hour on a road) is in process of production. The equipment being completed in 1983 provides for placing 300 units in service. Associated with this vehicle is the engineers' VAB [front-armored vehicle]: 420 front-armored vehicles in process of delivery; a special production, drilling equipment capable of piercing the hardest terrain and of laying charges of a new explosive four times more powerful than TNT.

500 Mines an Hour

Two mine-laying vehicles forming a coordinated system: a mine distributor, an unmarked all-roads truck equipped with an undercarriage with feed slot and pallets, capable of laying 500 mines an hour; a mine-burier making it possible

to lay, mechanically, 448 mines an hour with a high destructive power buried down to a depth of 50 centimeters.

The new French magnetic and seismic (ground vibration) mines have an impressive power. They break caterpillar threads and perforate the armor of all existing tanks by projecting cuttngly an armor plate in fusion. A new type of mine with horizontal action (with an electronic igniter and aiming system) operates in accordance with the same principle as the fusion plate projected at a rate of 3,800 meters a second. When it is placed alongside an obligatory passage and is fired by a very thin wire broken by the tracks of the enemy tank, it strikes and destroys it at a distance of 80 meters.

These electronically programed mines can select their targets and differentiate between a wheeled and a tracked vehicle. They can be dropped by aircraft, helicopters or even fired by a 155-millimeter gun.

New Bridges

Other equipment has been developed to provide for replacement of the internationally famous Gillois bridges, but whose 40-year-old design is now outmoded. Amphibious crossing equipment developed has a very high performance. Motorized floating bridges usable both as a continuous bridge and as a raft consist of three modules and two ramps. This equipment, which can be transported by semitrailer, makes it possible to construct a 100-meter bridge in less than an hour with the minimum personnel (45 men).

The MAF (Self-propelled Crossing Equipment) is an amphibious vehicle made of a light alloy. It can serve as a ferry, a barge and a ramp-barge. It can be used connected and disconnected. It allows embarkation in forward motion. Its road speed is 40 kilometers an hour. It can enter the water on a 100 percent slope and come out on a 50 percent slope. Construction of a 100-meter bridge can be accomplished with four MAF and 16 men in 15 minutes. Mention should also be made of the design of a new mechanized heavy bridge-layer on which studies have not yet been completed.

What is important, once more, to the engineers and the Army, whose know-how is not questioned, is to put all this equipment in service rapidly. It is not enough to create and exhibit prototypes. Renovation of the equipment stock of the Corps of Engineers must be prod0ced and accelerated, or else our armored divisions will soon be useful only for impressing the 14 July parade watchers.

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